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LOK SABHA DEBATES

(Sixth Session)

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LOK SABHA SECRETARIAT
NEW DELHI

62 n.P (INLAND) THREE SHILLINGS (FOREIGN)

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LOK SABHA

Saturday, 29th November, 1958

The Lok Sabha met at Eleven of the Clock.

[MR SPEAKER *in the Chair*]

ORAL ANSWERS TO QUESTIONS

State Trading Corporation

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*323 { Shri V. C. Shukla: Shri N R. Munisamy. Shri Naushir Bharucha.

Will the Minister of Commerce and Industry be pleased to refer to the reply given to Starred Question No 585 on the 27th August, 1958 and state

(a) whether the examination of question of amending the Articles of Association of the State Trading Corporation has since been completed, and

(b) if so, the nature and scope of the amendments proposed to be made and the decisions taken thereon?

The Deputy Minister of Commerce and Industry (Shri Satish Chandra) (a) No, Sir

(b) Does not arise

Shri V C. Shukla: May I know the precise reasons why it has been considered necessary to examine the amendments in the Articles of Association of the State Trading Corporation?

Shri Satish Chandra. The Articles of Association of the State Trading Corporation which deal mainly with the procedural matters relating to the administration of the Company were formulated in 1956. Some practical difficulties have been experienced since then Therefore, certain provisions are proposed to be added

Shri V C Shukla: Sir, my question has not been answered I want to know the precise reasons because of which the examination of the Articles of Association of S T C has been necessitated In the last Session it was answered that the S T C wants to expand its activities by undertaking export and import of various other articles I want to know why it has been found necessary to take up the question of amending the Articles of Association

Shri Satish Chandra. Sir, the hon Member is referring to the objects which are contained in the Memorandum of Association and not the Articles of Association which deal with the detailed administration of the company The reason for proposed amendment is that, for example, in the original Articles of Association there is no provision relating to the borrowing powers of the Board of Directors There are similar other difficulties which have been experienced Therefore, the Articles of Association are being examined afresh in order to fill up gaps as are now considered necessary

Shri N R. Munisamy. May I know whether it is a fact that the Articles of Association of the S T C is being amended so that it will enable the S T C not only to have the export and import of various commodities that

may be prescribed by the Government but also acquire a portion or the whole interest in business concerns?

Shri Satish Chandra: The S.T.C. has many business associates.

Mr. Speaker: The question was, is the amendment intended to enable the State Trading Corporation to acquire interest in business concerns?

Shri Satish Chandra: The S.T.C., just like any other company may promote subsidiary companies in which it may have an interest. But all these matters are under consideration, and the final form of the Articles of Association has not been decided yet.

Shri V. P. Nayar: On the 20th August also the hon. Deputy Minister gave an answer that the amendments were under consideration. I have gone through the Articles of Association. I would like to know what are the specific points on which consideration has been taking place for more than 4 to 5 months.

Shri Satish Chandra: The entire text of the Articles of Association has been examined and a new draft is ready. We are consulting other Ministries of the Government of India, and as soon as their opinion is received it shall be finalised.

Shri Ranga: Before this amending Bill is finalised, do Government propose to examine the way in which the S.T.C. has been working as far as its relation with producers, exporters and other traders with whom it has been dealing till now is concerned, so that by the time they bring in the amending Bill they would be able to satisfy themselves that the S.T.C. would be able to work properly?

Shri Satish Chandra: There is no question of bringing forward any amending Bill. The State Trading Corporation is a company registered under the Company Law and it can itself change its Articles of Association.

Shri Ranga: Sir, what I had in mind was, before they change their Articles of Association would they try to examine the way in which the S.T.C. has worked till now?

Shri Satish Chandra: That matter is constantly under review. The Annual Report of the S.T.C. is placed before the House. If the hon. Member wants he can ask for a discussion.

Shri Ansar Harvani: Is there any proposal to have a non-I.C.S. officer as Chairman of the S.T.C. instead of having an I.C.S. Officer?

Mr. Speaker: That does not arise out of this question.

Shri N. R. Munisamy: Is it not a fact that after giving due consideration to the question of amending the Articles of Association the complete scope and functions of the S.T.C. would be changed from what it is now?

Shri Satish Chandra: There is no intention to change the scope of work of the S.T.C. In fact, that cannot be done by changing the Articles of Association; that can only be done by an amendment of the Memorandum of Association. The question relates to the Articles of Association which deals with administrative details of the company.

Shri Ramanathan Chettiar: May I know whether the proposed Handloom Export Corporation will be a division of the S.T.C. or a subsidiary corporation limited under the Indian Companies Act.

Mr. Speaker: Has that anything to do with the Articles of Association of the S.T.C.?

Shri Ramanathan Chettiar: Yes, Sir.

Mr. Speaker: The hon. Minister may answer.

The Minister of Industry (Shri Manubhai Shah): There is no question of this arising out of the main question; but I may say that the establishment of a subsidiary of the S.T.C. to deal with handloom export is under consideration.

Shri Prabhat Kar: May I know whether it is to limit the activities of S.T.C. or to expand the scope of activities that the Articles of Association is being sought to be amended?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): Sir, I shall not go into the details, but I find that we have been mixing up the two things—Memorandum of Association and Articles of Association. The Memorandum of Association will mainly deal with the objectives and scope of the S.T.C. As regards the Articles of Association, it is to deal with administrative matters. We are thinking about this in order to expand the scope of the S.T.C. in certain directions. As regards the working of S.T.C., as Shri Ranga said there might be some deficiency, but we are trying to look into that matter and take necessary action.

Shri V. C. Shukla: May I know the precise directions in which Government want to expand the activities of S.T.C. after the amendment of the Articles of Association and the Memorandum of Association?

Mr. Speaker: That does not arise out of this question.

'Jehad' Campaign in Pakistan

*329. **Shri D. C. Sharma:** Will the **Prime Minister** be pleased to refer to the reply given to Starred Question No. 396 on the 22nd August 1958 and state:

(a) whether any reply has been received from the Pakistan Government in connection with the correspondence on the impending danger arising out of 'Jehad' campaign by Pakistan against India; and

(b) if so, the nature thereof?

The Deputy Minister of External Affairs (Shrimati Lakshmi Menon): (a) Replies have been received from the Pakistan Government in respect of several protests lodged with them in connection with the propaganda for 'Jehad'.

(b) The Pakistan Government have stated that Indo-Pakistan agreements in the matter do not cover propaganda about Kashmir issue. This contention is, however, baseless, and has been pointed out to the Pakistan Government. Propaganda for 'Jehad' contravenes *not only the Indo-Pakistan* agreements but also violates the Security Council Resolution of January 17, 1948, and Section V of Part I of the U.N.C.I.P. Resolution of August 13, 1948.

Shri D. C. Sharma: May I know if the Government is aware that the Director of Civil Defence recently called a meeting of the Mullas in Pakistan and asked them to intensify the campaign for 'Jehad'; and, if so, what action Government proposes to take?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): I am not aware of this particular incident that the hon. Member has referred to, but, apart from that, it is not quite clear to me what we can do in such matters except to express our protest to them about this Press or other propaganda.

Shri D. C. Sharma: May I know if this matter has been brought to the notice of the Security Council through our permanent representative in the United Nations and, if so, what has been the nature of the communication?

Shri Jawaharlal Nehru: There are communications passing between the permanent representative and the Security Council—from both sides. This matter has been brought to their notice repeatedly. The procedure is that such a protest is circulated to members of the Security Council.

Shri C. R. Pattabhi Raman: Could we have an idea of the kind of campaign carried on by them. Except scraps of news items in some newspapers we do not seem to know much about it.

Shri Jawaharlal Nehru: The hon. Member can get a pamphlet issued

on this by the External Affairs Ministry. It is not up-to-date, but it would give him some idea.

Shri Hem Barua: May I know whether the Government have noted with care and caution, particularly the present jehadi statements made by Gen. Ayub Khan such as "life and death question" and "no sacrifice will be too great to uphold our rights" and the like in relation to Indo-Pakistan disputes and, if so, whether the Government have tried to make them understand that this sort of statements would not be right?

Shri Jawaharlal Nehru: I referred to this matter in a lengthy statement I made. Briefly there was reference to this. It is rather difficult to say what might happen or what might not happen in Pakistan But Gen Ayub Khan, after that rather unwise statement which was made at a press conference in answer to a question, has made other statements which are more conciliatory.

Shri Hem Barua: That statement is in this morning's papers—"that no such sacrifice will be too great to uphold our rights" He said like that Now, the Prime Minister is pleased to say about the matter that it was conciliatory. But Gen Ayub Khan's recent statement does not show that, and it betrays otherwise, namely, a war psychosis that is vitiating the atmosphere

Shri Jawaharlal Nehru: I do not quite see; however much we may disagree with Gen Ayub Khan on the subject, how can we object to his making that particular statement? It is not clear to me

Shri Jadhav: May I know whether it is a fact that the Pakistan Government connives at the activities of the sponsors of this movements or gives indirect support to it?

Mr. Speaker: He asks whether the Pakistan Government itself supports the jehad movement directly or indirectly.

Shri Jawaharlal Nehru: How am I to say what inner relationship exists between the Pakistan Government and the newspapers of Pakistan? At any rate, they allow it to continue. That is all I can say.

Optical Glass Plant

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*330. { **Shri Ram Krishan:**
Shri Tangamani:
Shri S. M. Banerjee:
Shri Raghunath Singh:

Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Starred Question No 3 on the 11th August, 1958 and state:

(a) whether Government has since received the detailed project-report regarding the establishment of an optical glass plant from the Russian experts;

(b) if so, the main features thereof; and

(c) the decision taken by Government thereon?

The Minister of Industry (Shri Manubhai Shah): (a) The detailed project report is expected to be received by the middle of 1959

(b) and (c) Do not arise

Shri Ram Krishan: May I know whether the expenditure on this project has been assessed and, if so, what is that?

Shri Manubhai Shah: Rs 2,30,00,000

Shri Ram Krishan: May I know whether the experts have chosen any site and, if so, the name of the place?

Shri Manubhai Shah: Durgapur

Shri Tangamani: May I know whether the experts have visited places like Salem, Bangalore, Alwaye, etc., besides Durgapur and other places, and may I know whether, in view of

the importance of such a factory, only one optical and ophthalmic factory will be established or more than one factory will be established?

Shri Manubhai Shah: One is more than sufficient because, to begin with, this factory is going to start with a very small capacity and it can be locally expanded.

Shri S. M. Banerjee: May I know what positive steps are being taken to expand the optical glass factory at Dehra Dun? Will it be left to the Defence Ministry or will it also be expanded?

Shri Manubhai Shah: I could not catch the question.

Mr. Speaker: He asks, is there any proposal to expand the optical glass factory at Dehra Dun and whether it is going to be done by the Defence Ministry or the Ministry of Commerce and Industry.

Shri Manubhai Shah: There has been a constant misunderstanding on this point. My friend Shri Tyagi also referred to it last time. It is true that the Dehra Dun Ordnance factory has got a capacity to take the optical glass moulds and the blanks in order to make lenses and prisms, but it does not really manufacture the optical glasses. This factory at Durgapur is going to manufacture ophthalmic and optical glasses which later on can be distributed all over the country including Dehra Dun to make various types of prisms and glasses and lenses.

सेठ अचल सिंह : क्या मंत्री महोदय बतलाने की कृपा करेंगे कि इस फैक्ट्री को जो पहले नैनी में स्थापित करने का विचार किया गया था, उस को अब वहां से हटा कर दुर्गापुर में क्यों ले जाया जा रहा है ?

श्री मनुभाई शाह : जी वैसे तो बारह जगह देखी गयी थीं जिन में नैनी भी एक थी लेकिन बाद में जब एक्सपर्ट लोग उन जगहों को देखने गये तो उन्हों ने दुर्गापुर को ज्यादा पसन्द किया और कहा कि वह सब से उपयुक्त जगह है । इसलिए उस को चुना गया ।

Shri Tyagi: May I know on what grounds was Durgapur preferred? Was it on account of climatic reasons or on account of the availability of raw material?

Shri Manubhai Shah: On all accounts, after taking every quality and economic factor into consideration.

Shri Tyagi: Political grounds also!

Shri Braj Raj Singh: In view of the importance of Firozabad as the centre of the glass industry in India, may I know whether it was visited by this team for choosing a site for this factory and, if so, what were the considerations which weighed with the team to locate the factory at Durgapur and not at Firozabad?

Shri Manubhai Shah: The main consideration was that Durgapur was in the coal belt. This particular type of what is called optical glass requires a very high metallurgical fuel and therefore it was thought that it is better to have the factory there. Also, the Durgapur coke oven batteries are going to give us a very rich gas which can be utilized for the process for the manufacture of this glass.

Shri V. P. Nayar: May I know what are the other essential raw materials for the manufacture of optical glass?

Shri Manubhai Shah: Quartz, felspar and sand.

Shri Tangamani: Now that Durgapur has been ultimately chosen, may I know whether the land required for this factory has been acquired or whether we will have to wait till the project report is available?

Shri Manubhai Shah: As the hon. house is aware, in Durgapur there are lots of projects going up and there is enough of land, and it can accommodate this factory there.

Shri Tangamani: My point is whether the land that is required has been acquired.

Mr. Speaker: These are details. I am not going to allow such questions. The hon. Members must know that there are other important questions also. Next question.

Coffee Board

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*331. { **Shri Subodh Hansda:** / **Shri S. C. Samanta:**

Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether the Coffee Board has accepted the offer of the Indian Council of Agricultural Research for setting up of a soil testing laboratory at the Coffee Research Station;

(b) if so, whether the laboratory has been set up; and

(c) whether this laboratory is meant for intensive soil testing for Coffee cultivation only?

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): (a) Yes, Sir.

(b) Yes, with effect from August, 1958.

(c) No, Sir. It is intended to serve all Agriculturists including coffee growers.

Shri Subodh Hansda: May I know whether any foreign assistance has been asked to set up this laboratory and, if so, the nature of the assistance?

Shri Satish Chandra: The Indian Institute of Agricultural Research is setting up 24 such laboratories all over the country and one of them is being set up at the research station of the Coffee Board. The T.C.M. has helped in setting up these laboratories.

Shri Subodh Hansda: What is the total amount that will be involved in this?

Shri Satish Chandra: This is one laboratory which the Indian Institute of Agricultural Research is setting up at the Coffee Research Station. All these questions should be put to the Ministry of Food and Agriculture.

Shri S. C. Samanta: May I know what difficulties the Coffee Research Station had to open the soil testing laboratory by itself before this offer came? Was it due to financial difficulty or did not the Coffee Board want it?

Shri Satish Chandra: This laboratory, as I said, is not being set up by the Coffee Board. It is being set up in the premises of the Coffee Board in a coffee growing area, where along with the coffee growers, it will assist other agriculturists also by analysing the soil of their fields in order to determine the type and quantity of fertilizers to be applied.

Shri S. C. Samanta: My question has not been answered.

Mr. Speaker: He has answered it He says it is not purely intended to serve the purpose of the Coffee Board but other purposes of agriculture also and that therefore it was the Agriculture Ministry that has taken the initiative and the Coffee Board did not think of doing it. That is how I have understood the answer.

Shri S. C. Samanta: Then, I should like to know whether such soil testing arrangements had not been made before, at this Research Station.

Shri Satish Chandra: I could not say exactly, but the very fact that this laboratory is being set up there will make this facility available to the coffee growers as well as other farmers in that area.

Shri Damappa: Was not all this soil testing being done formerly in the Agricultural Department of the Government of Mysore?

Mr. Speaker: I did not catch the last word.

Shri Dasappa: I said Mysore. I say there were also other areas which used to take advantage of the Agricultural Department there to have the soil tested, both plantations as well as other soils.

Mr. Speaker: Does he refer to the Government of Mysore?

Shri Dasappa: And also the neighbouring areas.

Shri Satish Chandra: All these questions should be addressed to the Ministry of Food and Agriculture.

Shri Shivananjappa: May I know where the research station will be set up?

Shri Satish Chandra: This particular research station will be set up at Balehonnur where there is already a research station of the Coffee Board

Second Five Year Plan

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*332. { **Shri Barman:** / **Shri Subodh Hansda:** / **Shri S. C. Samanta:** / **Shri Morarka:** / **Shri Rami Reddy:**

Will the Minister of **Planning** be pleased to state:

(a) whether the rephasing of the Second Five Year Plan has been finalised; and

(b) if so, the final variations, if any, in the financial and in the physical targets?

The Parliamentary Secretary to the Minister of Labour and Employment and Planning (Shri L. N. Mishra): (a) and (b). The National Development Council has decided to maintain the outlay in the public sector over the five-year period at Rs. 4,500 crores. Further details will be furnished in a document to be presented to Parliament in the course of this session.

Shri Barman: What are the main factors that arose since the finalisation of the Plan which are responsible for this shortage in external or internal finance and for this rephasing.

Shri L. N. Mishra: There is no question of shortage at the present moment. The figure of Rs. 4500 crores was decided in the N.D.C. meeting in May and we are still trying to maintain that figure.

Shri Rami Reddy: In view of the fact that some States like Andhra Pradesh have over-fulfilled the targets of additional taxation fixed for the second Five Year Plan period and they have raised the additional resources as stipulated by the Planning Commission, may I know whether the Planning Commission will increase the Plan outlay for such States for the remaining period of the Plan?

The Deputy Minister of Planning (Shri S. N. Mishra): That question has not arisen, because the Plan for each State was fixed on the basis of certain considerations—internal balances, etc. Also, there has been no such demand and there can be no demand only on this basis, because the capacity for execution is also to be taken into account, and not only the capacity for raising resources.

Shri Ramananda Tirtha: It was stated that more attention has been paid to the minor irrigation projects. In the rephasing of the Plan, may I know if this idea has made any progress and if so, in what quantum?

Shri S. N. Mishra: It was mentioned earlier by me in this House that we are now giving increasingly more attention to minor irrigation works and an additional provision of Rs. 26 crores has been made in this respect.

Shri Morarka: May I know the names of those projects which were formerly not included in the Plan, but which are now intended to be started?

Shri S. N. Mishra: It is going far out of the question and it is difficult to indicate each and every new project.

Shri Tyagi: The hon. Minister has mentioned about the meeting of the N.D.C. which decided to maintain the maximum over-all figure. May I know if the members of the N.D.C. have also undertaken to raise the resources in their respective States, as was planned by the Planning Commission in the beginning?

Shri Nanda: Yes, Sir; they have offered to make increased efforts in this direction.

Shri S. C. Samanta: May I know whether for rephasing this Plan, the State Governments were asked which schemes should be altered?

The Minister of Labour and Employment and Planning (Shri Nanda): That is done through the annual plans Before the plan for a particular year is settled, there are consultations with the States.

Shri Ranga: Have the Government set apart any funds as a national calamity insurance reserve in order to meet the special needs of such regions which are affected by floods, as it happened in U.P. recently and also in Andhra—Visakhapatnam and Srikakulam—when floods ravaged the country destroyed quite a large number of minor irrigation works?

Shri Nanda: The requirements are met from time to time.

Shri Heda: As the appraisals and reappraisals of the Plan are coming off and on, is there any regular scheme for reviewing the Plan periodically, once in three months or so?

Shri Nanda: There are reports about the progress of the various schemes which come from time to time.

Shri Bimal Ghose: When the reappraisal of the Plan was placed before the House last session, the total was Rs. 4500 crores. May I know whether this rephasing now differs from that and if not, what is the necessity of placing another rephased Plan now before the House?

Shri Nanda: This is to give more information. There has been some slight variation in the assessment of resources and also performance in these three years and the resources for the next two years. There have been no major changes, but more details will be given.

Shri Nagi Reddy: May I know whether the Government will keep in mind, in the rephasing of the Plan, to make sure that the industrially backward States will get their full targets without disturbance in the remaining period of the Plan?

Shri Nanda: The industrial content of the rephased Plan has not been reduced. On the other hand, greater stress has been placed on investment relating to industry.

Shri Nagi Reddy: My point was whether States like Andhra Pradesh which are industrially backward would get their full quota of industrial development, as is planned in the second Five Year Plan, in the coming years or will it be reduced?

An Hon. Member: In U.P. also.

Shri Nanda: There is not going to be much reduction.

Shri Panigrahi: The Planning Commission suggested reduction of the target from Rs. 4500 crores to Rs. 4200 crores, but the Prime Minister insisted on not reducing it. May I know whether Government propose to take recourse to any new taxation measures to fill up this gap?

Shri Nanda: I have answered this again and again. The Planning Commission only presented an assessment of the available resources on the basis of whatever was in view at the moment. But more resources had to be collected in various directions and that matter has been more fully considered. But some promises were made even then by the States, which were more than what was indicated in the statement of the Planning Commission.

Shri Barman: There is a general impression that due to increased expenditure on many of the items and due to rise in prices of materials in foreign countries, there has been a set-back. Since we are now told that the original figure of Rs. 4800 crores is going to remain, are we to understand that no major plan is going to suffer?

Shri Nanda: There is no question of Rs. 4800 crores now; it is now Rs. 4500 crores and therefore some items are going to suffer.

Shri Ramanathan Chettiar: The hon. Deputy Planning Minister in reply to a supplementary question today said that the performance has to be taken into consideration. In view of this answer, may I know whether States like Madras, which have performed more than the target, will be given increased financial aid for the rest of the Plan?

Shri Nanda: If a State manages to raise larger resources, it can certainly expand the plan also on that basis.

Shri Morarka: May I know the total amount allotted for the projects or schemes which were not included in the Plan?

Shri Nanda: That information has been given in that document.

Implementation of Second Plan

*333. **Shri Harish Chandra Mathur:**
Shri S. M. Banerjee:

Will the Minister of **Planning** be pleased to state:

(a) what steps have Government taken or propose to take to enlist active support and co-operation of non-officials including opposition members for the effective implementation of the Plan; and

(b) whether Government have considered the suggestion to expand National Development Council?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) and (b). A statement is laid on the Table of the House.

STATEMENT

(a) From the beginning, Government have been anxious to secure the active support and co-operation of all sections of the public, particularly of non-official organisations. This approach has been pursued in community project areas and in different fields of development. In September 1958, the National Advisory Committee on Public Co-operation was reconstituted so as to include representatives of leading social service organisations as well as some Members of Parliament belonging to different parties. Government attaches considerable importance to the constructive work carried on by voluntary organisations like the Bharat Sevak Samaj.

Government have also been keen to secure the co-operation and assistance of Members of Parliament from different groups. The Informal Consultative Committee of Members of Parliament associated with the Planning Commission consists of 66 members drawn from the Lok Sabha and the Rajya Sabha. At the appropriate stage, it is proposed that special committees of Members of Parliament should be associated with the formulation of the Third Five Year Plan. Other aspects of the question are also receiving consideration.

(b) The National Development Council which was set up in August, 1952 is composed of the Prime Minister of India, the Chief Ministers of all States and the Members of the Planning Commission. By the nature of its composition and functions, this body cannot be expanded to include non-official Members.

Shri Harish Chandra Mathur: Since we discussed the reappraisal on the floor of the House, may I know....

Shri Nagi Reddy: When I read through the answers that were placed on the Table, the statement was not there.

Shri S. N. Mishra: The statement was laid on the Table a little late and it is just possible that some hon. Members might not have come across it. Because of the long nature of the reply, we thought that a statement should be laid on the Table.

Mr. Speaker: The hon. Minister said that they are preparing a full statement and will place it on the Table of the House sometime later on—this is in regard to Question 332. So far as Question 333 is concerned, a statement had been laid on the Table of the House a little later. Hon Members will kindly go through it and put other questions later on.

Shri S. M. Banerjee: A copy of the statement is here.

Shri Nagi Reddy: As the statement is very small, I would request...

Shri Harish Chandra Mathur: I have put the first half of the question.

Mr. Speaker: He can put the other half later on.

Shri S. M. Banerjee: From the statement it appears that it is proposed that sub-committees of Members of Parliament should be associated with the finalisation of the Third Five Year Plan. May I know whether Government propose to call all political parties to form committees at the Centre and the State level and, if not what are the reasons standing in the way of that?

Mr. Speaker: All these are suggestions for action.

Shri Tangamani: The statement refers to that.

Mr. Speaker: Then the hon. Minister may reply.

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): It is not in reply to a specific question but rather to the basic idea underlying it that the question is answered. I am myself at present not seized of the exact answer. But the question is, one part of the question is, about expanding the National Development Council. The National Development Council, in the nature of things, cannot be expanded. The National Development Council consists of Chief Ministers of States plus the Planning Commission plus some Ministers of the Central Government dealing with these matters. So, unless we change the whole basic structure of the National Development Council, it cannot be expanded. Apart from that, as it is, it is big enough and becomes a conference. But we have been anxious in the past to form all kinds of groups—special groups, panels and so on—and we propose to do it much more than ever before. Coming more particularly to Members of Parliament, we are naturally anxious to have the closest consultation with them in regard to this. The Third Five Year Plan is, broadly speaking, nearly two years ahead but we intend starting this thinking and consultation process fairly soon. In fact, to some extent it is already being done in a vague way. But I can assure the House that we shall consult Members of the House, not officially I mean—officially, of course, the matters come up in due course—but otherwise We have repeatedly to consult the Members through consultative committees and the like They will continue But, in addition to that, we should like fairly intimate touch with the House and with the representatives of major parties in this House, because we attach the greatest importance to this Third Five Year Plan being a united effort, because it is going to be a big plan requiring unity of effort, and so we hope we shall have that consultation in the largest measure possible.

Shri Harish Chandra Mathur: The hon. Prime Minister and the hon Planning Minister know the tenor of the speeches when we discussed the reappraisal of the Second Plan. May I know whether after we discussed the reappraisal of the Second Plan

any discussions have been held with the Sarvodaya leader, Shri Jayaprakash Narayan, and other non-official and party leaders and if any effort has been made to evolve any machinery to enlist active support of non-officials and other parties?

Shri Jawaharlal Nehru: It is of the essence of the Plan and the success of the Plan to have—I would not call it "public support"; I think that is rather not quite an adequate word, because it is not a question of the Government activity being at the Centre and the scope being added by others; but I will go further and say that almost to a large extent the initiative should be from the sections of the public with the Government supporting it, I think it is a better word. Government may enlist support, but we attach the greatest importance to that. We always consider how best to do it. It is not an easy matter, of course, but we are doing it and I think that, in a way, to some extent, there has been success there; not to a very large extent, I admit. The hon. Member referred to consultation with the Sarvodaya leaders. The Sarvodaya leaders, at any rate Shri Jayaprakash Narayan, laid stress on this public effort. He did not, so far as I am aware, refer to the Five Year Plan. In fact, I am not sure how far he is in agreement with the broad approach of the Five Year Plan. When he referred to the public being brought into the picture, I entirely agreed with him. But exactly how to do it, what to do, we did not discuss, except in a rather distant way which has no particular relation to our working of the Five Year Plan.

Shri Harish Chandra Mathur: There has been a reference to the National Advisory Committee on Public Co-operation. This committee has been in existence for a very long time. May I know why this committee is now almost defunct and what are the difficulties and what are the reasons for that? What steps are being taken to make it more effective?

The Minister of Labour and Employment and Planning (Shri Nanda): The committee has been re-constituted and it has started functioning. There is going to be another meeting of this body very soon. As regards the earlier body, it functioned actively for a period and then it stopped functioning, because the conditions changed and the body, as constituted then, was not in a position to help very much.

Shri Harish Chandra Mathur: May I know what changes have been brought about?

Shri Nanda: The changes that have been brought out are largely that the representatives of various non-official organisations and voluntary bodies, have been associated in much larger numbers, and also some Members of Parliament.

Shri Dasappa: Last time it was stated that it was going to be a peoples' Plan and there were some arrangements to consult people at the district level. But, later on, that aspect receded to the background. May I know whether any attempt will be made to see that it really becomes a peoples' Plan, by consulting people at the district and taluk level?

Shri Jawaharlal Nehru: Well, in a sense, yes. But may I point out that the consultation with the people at the district, taluk or block level is of the highest importance. It is important in regard to local needs—how far we can bring them into the Plan. That, of course, must be done to the fullest extent. But planning does not consist of merely listing needs or listing even, if I may say so, resources. Planning is a much more intimate and intricate operation—how to evolve these things. Therefore, in that part of planning, we cannot consult the districts. The districts or taluks or blocks will say: "We want this, this is necessary. We can do this" and there the consultation must be of the closest type.

Shrimati Renu Chakravartty: The first part of the question actually relates to the implementation of the Plan and co-operation of non-officials and Opposition Members. May I know whether the hon. Prime Minister is aware that whilst certain Opposition parties are represented at the top level, there is consistent opposition by his Party members for All-party committees at the lower levels, specially at the Taluk and Block levels where actually the implementation of the Plan takes place? In what way can we overcome this resistence?

Shri Jawaharlal Nehru: That is a broad question. It may be that in a big country like India, all kinds of things happen But, we want this co-operation at all levels so far as we are concerned and we shall certainly go on pressing for it

Shri S. M. Banerjee: May I know whether it is a fact that active and enthusiastic support from the workers is not coming forth because of the non-fulfilment of their demand for wage increase? The hon. Prime Minister has said that the Third Plan requires more active consideration May I know whether the Government would also consider a 25 per cent. wage increase of the workers as suggested and recommended by all the Central Trade Union Congresses including the Congress led I.N.T.U.C ?

Mr. Speaker: That does not arise out of this question.

Shri S. M. Banerjee: Support from the workers?

Mr. Speaker: Many other things also arise. The question is irrelevant

Shri S. M. Banerjee: How can the Plan succeed without support from the workers?

Mr. Speaker: May be relevant in other matters; not in this matter.

Shri Nagi Reddy: Is the Government aware that in almost all the district centres, there are other political parties represented as M.L.As or M.P.s and actually no other political party or opposition party is represented in the District Planning committees and lower committees other than the Congress party? If so, what measures would be taken to remove this anomaly in procedure?

Shri Jawaharlal Nehru: The same question, Sir.

Mr. Speaker: The same question as put by Shrimati Renu Chakravartty.

Shri S. M. Banerjee: It is said in the statement that the Government attaches considerable importance to the constructive work carried on by *voluntary organisations like the Bharat* Sevak Samaj. May I know whether other organisations will also be given the same importance and will be associated and facilities given for the success of the Second Plan?

Shri Nanda: Yes, Sir. They have been associated. They are all represented on this body, a reference to which has been made in the answer.

Shri S. M. Banerjee: What are the other bodies?

Mr. Speaker: He put the question whether other bodies are associated and the Minister had said 'yes'.

Shri V. S. Shukla: The statement says that other aspects connected with enlisting public co-operation are being considered. What are the other aspects that are being considered?

Shri Nanda: Some will be explored further. The Prime Minister referred to some of the things which are being contemplated.

Manufacture of Paper

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*334. { **Shri Bahadur Singh:**
Shri Ram Krishan:

Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether the Tariff Commission have been asked to go into the question of fair prices to be charged by

wholesalers and retailers for paper manufactured in India;

(b) whether any report has been submitted by the Tariff Commission to that effect; and

(c) if so, the details thereof?

The Minister of Industry (Shri Manubhai Shah): (a) Yes, Sir.

(b) and (c). Not yet, Sir.

Shri Heda: May I know whether the Government are aware that the paper, particularly white printing, is going into the Black market? I mean, between the prices at the factories and the prices with the wholesalers and retailers, there is such a disparity. If so, what steps are taken so that the consumer may get paper at a proper rate?

Shri Manubhai Shah: As far as paper scarcity is concerned, I have several times mentioned before the House. The step that we are taking, on the one hand, is to increase production and the House will be pleased to know that during the current year, production is going up by 40,000 tons, that is 20 per cent. over last year. Also we had a meeting of all the manufacturers and all the distributors. As far as white printing paper is concerned, complaints are very few. The complaints in a major way are more for exercise books and other things where we are trying to improve production and distribution from the Nepa mills. It is true there is scarcity. I can submit before the House that whereas, due to foreign exchange stringency, paper for Rs. 8 crores was being imported during 1956-57, during the current year, we have not been able to give more than Rs. 3½ crores. That is one of the contributing factors.

सेठ अचल सिंह : क्या मंत्री महोदय को मालूम है कि पेपर में काफी ब्लैकमार्केट हो रहा है। यदि हां, तो उसके सम्बन्ध में क्या कार्रवाई की जा रही है ?

श्री मनुभाई शाह : उसका जवाब तो मैंने दे ही दिया।

Shri Achar: May I know whether the Tariff Commission has made any special recommendation for newsprint?

Shri Manubhai Shah: The Tariff Commission has been asked on the 1st of September and we are awaiting the report. That is more for printing paper and paper for normal use and not for newsprint.

Shri P. B. Patel: Is the Government aware that the Nepa has appointed agents and the agents do blackmarketing? May I know whether the Government, in the light of that, would like to have sales depot of their own?

Shri Manubhai Shah: From the actual distributors who are directly connected we have not received any major complaints at all for charging higher prices. It is at the retail level or the consumer level that complaints really arise.

Shri Tangamani: In reply to Starred Question No. 11 on 11th August, 1958, that is the question referred to, the matter was referred to the Tariff Commission. There, the hon. Minister was pleased to state that the manufacturers wanted an increase of 3½ naye paise per lb. over 80 naye paise. In view of the fact that already there is a complaint that the price is high, may I know whether the Tariff Commission has considered the question of reducing the price from 80 naye paise per lb.?

Shri Manubhai Shah: The question was that the current price on an average was 80 naye Paise per lb. and the proposal of the industry was to increase it by 3½ naye paise over 80 naye paise. It is not any disproportionately high price. There is no question of reduction in price because the cost of production all round has gone up. But, the Tariff Commission is conducting an enquiry and it has been referred to on the 1st of September. It will take a month or so or more to get the report.

Shri V. P. Nayar: May I know whether the Tariff Commission has been asked to suggest fair prices for

paper which is required for the purpose of consumption by the Central Government and the State Governments?

Shri Manubhai Shah: There are no categories like that. They are all weighed by the pound or quality or whiteness. The Tariff Commission will certainly go into all the categories and tell us what the price should be.

Shri V. P. Nayar: Is it a fact that paper which is now supplied to the Government by the mills is supplied at a specially reduced rate?

Shri Manubhai Shah: No. The rate contracts are always there. They have relation with the prescribed prices for the different categories.

Indian Injured in France

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*335. **Shrimati Ila Palchoudhuri:**
Shri Ram Krishan:
Shri Shree Narayan Das:
Shri Aniruddh Sinha:
Shrimati Mafida Ahmed:
Shri Aurobindo Ghosal:
Shri Achar:

Will the **Prime Minister** be pleased to state:

(a) whether it is a fact that Capt M. B. K. Singh was attacked and injured by a French crowd following a motor accident on a Paris Road in the fourth week of September, 1958;

(b) if so, the details of the incident; and

(c) the action, if any, taken by the Indian Embassy in Paris in regard to this matter?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) to (c). On 20th September, Captain Bhavani Singh was driving a car near Paris and met with an accident in which a French boy lost his life. We deeply regret his death.

At the time the accident took place a crowd gathered and was hostile in its attitude towards Captain Bhavani Singh; presumably they were moved by the death of the boy. When he was first taken to the Police Station, Captain Bhavani Singh was not allowed to contact the Embassy. However, on his return to Paris, Captain Bhavani Singh reported the incident to the Embassy. Our Ambassador in Paris has already conveyed to the French Foreign Office the complaint about the ill-treatment of the officer while in the Police Station.

Shri Ram Krishan: May I know whether he suffered any physical or material loss due to this accident?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): Who, Sir?

Mr. Speaker: Shri Bhavani Singh.

Shri Jawaharlal Nehru: I do not understand this. Here is a motor accident in which a French boy is killed. I do not know whether it is right or wrong: I can understand the wrath of the villagers when they saw one of their boys being killed. We are asked about the damage suffered by the driver of the car. I just do not understand this.

An Hon. Member: In any part of the world.

Shri D. C. Sharma: It is said that there was some complaint about the treatment of the gentleman in the police station. May I know what kind of ill-treatment was there?

Shri Jawaharlal Nehru: I say, the dominating feature is that boy died. That is far more important than anything else. We cannot raise this matter before anybody. We ought to be ashamed of ourselves.

Missile Bases in Pakistan

*336. **Shri U. C. Patnaik:** Will the **Prime Minister** be pleased to refer to the reply given to Starred Question No. 1461, dated 22nd September, 1958 and state:

(a) whether the Government of India have taken any steps to verify

the reports regarding guided missile launching bases and military aerodromes for modern Bombers of strategic aviation in Pakistan; and

(b) if so, the nature of information thus obtained?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) and (b). It is not in the public interest to divulge such information as the Government of India may possess on this subject.

Shri U. C. Patnaik: May I know whether the Government of India have seen the warning given by the U.S.S.R to Pakistan on the 14th of April last that the guided missile launching grounds and air bases for heavy bombers of the B.47 and B.52 type in West Pakistan are a menace to Russia?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): Yes, Sir. We saw that.

Shri U. C. Patnaik: Have we, in our turn, tried to verify these things and tried to take it up either with the U.S.A. or with Pakistan that the guided missile bases and air bases for heavier bombers and other military equipment of a modern nature are a menace to us also?

Shri Jawaharlal Nehru: We have referred this matter to the U.S.A. previously, and they have denied that there are any such bases there.

Shri U. C. Patnaik: May I know whether in reply to Russia's note Pakistan has admitted some of those air force bases for heavy bombers, and if so, may I know whether we have ourselves taken any steps to ascertain whether Pakistan has got such bases, whether Pakistan has got launching grounds, and whether Pakistan has got modern weapons superior to ours? Have we tried to ascertain that. . . .

Mr. Speaker: No, no.

Shri U. C. Patnaik: .....and to adjust our defence strategy?

Shri Jawaharlal Nehru: The hon. Member is repeating the question in a round about way. The answer has already been given.

Shri U. C. Patnaik: May we know whether we have formulated any strategy of defence based upon the information that we might have obtained?

Mr. Speaker: The hon. Prime Minister has already said that even the knowledge of what is happening there ought not to be disclosed to the public. Beyond that the hon. Member wants to know what effective action has been taken regarding that.

Shri Hem Barua: I will leave the missile bases to themselves, but are Government aware of the fact that Pakistan is building reinforced concrete bunkers, which I have myself seen, along the East-Pakistan border? Also, there has been massive troop movement alongside the border which the Chief Minister of Assam has alleged. May I know whether the Government has tried to verify these reports?

Shri Jawaharlal Nehru: There is nothing to this question, but to our information there have not been massive troop movements on the other side of the border.

Shri Nagi Reddy: In the reply given by the Prime Minister we find that Pakistan has admitted that there are certain bases of that type in its reply to the U.S.S.R., but that the U.S.A. has stated that it has not had any information of that type so far as its reply sent to the Prime Minister goes May I know which of these replies is true, the reply sent by Pakistan to the U.S.S.R. or the reply received by us from the U.S.A.?

Shri Jawaharlal Nehru: I have not got the Pakistan reply in front of me. So I cannot deal with it. I can only deal with the reply that came to us to our query from the U.S. authorities.

Shrimati Renu Chakravartty: As far as the U.S.S.R. note of protest to Pakistan goes, they have been very specific in mentioning Quetta, Gilgit and Peshawar as well as the various

airfields which are being built for modern bombers of strategic aviation. In view of the fact that the matter has already been made public, may I know what exactly stands in the way of our Government telling us whether these specific allegations are actually true as far as our information goes?

Shri Jawaharlal Nehru: It seems to me that hon. Members might appreciate the fact that if we have any knowledge of this type, it is not usually advisable to give it, the way we get it. There can be no doubt that there are airfields, big airfields in various parts of Pakistan near the border and elsewhere. That is not a matter to be doubted. As to how far they have been particularly prepared for the use of particular type of bombers etc., that is another matter. I suppose it does not take very long to convert any airfield for use for any other purpose. If you have got the airfield, it can be used, after some alterations or something, later.

President's Visit Abroad

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*337. { **Shri Shree Narayan Das:**
Shri Bibhuti Mishra:

Will the **Prime Minister** be pleased to state:

(a) whether it is a fact that a number of countries have extended invitations to the President of the Indian Union to visit those countries;

(b) if so, the names of such countries;

(c) the countries whose invitations have been accepted; and

(d) when the President is likely to visit those countries?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) Yes.

(b) Formal and informal approaches have been received from the following countries: Philippines, Democratic Republic of Viet-Nam, the Republic of Viet-Nam, Cambodia, Thailand, Malaya and Indonesia.

(c) and (d). The President is visiting Malaya from 6th to 8th December, 1956 and Indonesia from 8th to 19th December, 1956. Visits to other countries will be arranged later according to the convenience of the President and in consultation with the Governments of the inviting countries.

श्री विभूति मिश्र : मैं जानना चाहता हूं कि राष्ट्रपति को एक देश की यात्रा में कितना खर्च पड़ता है ?

प्रधान मंत्री तथा वैदेशिक-कार्य मंत्री (श्री जवाहरलाल नेहरू) : यह तो देश पर है कि कितनी दूर देश है, कितना लम्बा सफर है, कितने लोग जाते हैं। इस की कोई मुकर्रर रकम तो नहीं है ।

श्री भक्त दर्शन : अब तक जहां जा चुके हैं, उस में कितना खर्च पड़ा है ?

श्री जवाहरलाल नेहरू : अगर माननीय सदस्य जापान के बारे में सवाल करें, तो हम दरयाफ्त कर के पेश कर देंगे ।

श्री भक्त दर्शन : श्रीमान्, हमारे राष्ट्रपति अभी पिछले दिनों पहली पहली बार हमारे देश से बाहर जापान गये थे। मैं जानना चाहता हूं कि जब राष्ट्रपति देश से बाहर रहते हैं, तब उन की अनुपस्थिति में यहां क्या व्यवस्था की जाती है, क्योंकि, जहां तक मुझे याद है, जब कि राष्ट्रपति जापान गये थे, तो उपराष्ट्रपति भी बाहर थे ।

श्री जवाहरलाल नेहरू : राष्ट्रपति यहां से बाहर जाते हैं, तो राष्ट्रपति फिर भी वह रहते हैं । मेरा मतलब यह है कि उनकी जगह पर और कोई मुकर्रर नहीं हो जाता । मुमकिन है कि कुछ काम दो चार पांच रोज के लिये अटक जाय, तो दो चार पांच रोज में कोई हर्जा नहीं होता है । हां, अगर ज्यादा दिन के लिये जायें, तो खास इन्तजाम की शायद जरूरत पड़े ।

श्री जगदीश अवस्थी : क्या प्रधान मंत्री महोदय यह बताने का कष्ट करेंगे कि जब राष्ट्रपति महोदय विदेश-यात्रा पर जाते हैं, तो जिन देशों में वह जाते हैं, वे देश उन की यात्रा का व्यय वहन करते हैं अथवा भारत सरकार वहन करती है ।

श्री जवाहरलाल नेहरू : जिस देश में राष्ट्रपति जी जाते हैं, वह वहां के मेहमान हो कर जाते हैं और वहां की हुकूमत उन से मेहमानों की तरह से—अतिथियों की तरह से—बर्ताव करती है । लेकिन जाहिर है कि फिर भी बहुत काफी खर्च हमारी हुकूमत की तरफ से इस मामले में करना पड़ता है ।

Baby Milk Food

*338. **Pandit D. N. Tiwary:**
Shri Panigrahi:
Sardar Iqbal Singh:

Will the Minister of Commerce and Industry be pleased to state:

(a) whether the import of baby milk food has been liberalised; and

(b) if so, the amount of baby milk food imported in 1958 so far?

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): (a) Yes, Sir.

(b) 26,897 cwts. during January-August 1958. Information regarding later months is not yet available.

Shri Panigrahi: How far has this import helped in meeting the shortage in baby milk food in this country?

Shri Satish Chandra: The prices in the month of October have come down almost to the same level as in the month of April when the shortage began to be experienced. That indicates that the situation is not so bad now.

Shri Panigrahi: May I know whether the persons importing baby milk foods asked the Government of India to fix a target for import greater than this amount?

Shri Satish Chandra: What amount?

Shri Panigrahi: The amount that you have allowed to be imported.

Mr. Speaker: Was there a demand for greater import?

Shri Satish Chandra: Yes, Sir. In the new licensing policy announced for October-April the quota has been liberalised as compared to the previous licensing period.

Stainless Steel Utensils

*339. **Shri V. P. Nayar:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether there is any control in the sale prices of utensils fabricated from stainless steel;

(b) the total value of imports of stainless steel in 1957-58; and

(c) the total estimated value of stainless steel utensils in the above year?

The Minister of Industry (Shri Manubhai Shah): (a) No, Sir.

(b) Rs. 280 lakhs approximately, including all categories of stainless steel, like bars, rods, sheets etc.

(c) Information about the value of stainless steel utensils produced in 1957-58 is not available.

Shri V. P. Nayar: With reference to (a), may I know whether Government have any idea of the margin of profit usually taken on the fabrication of these utensils?

Shri Manubhai Shah: It all depends on the type of the articles. There is normally a reasonable margin of profit. Unless and until there is acute scarcity, demand and supply adjust themselves.

Shri V. P. Nayar: May I know whether Government have any information about the retail selling prices of cooking utensils as compared to the actual cost, and the total margin which is taken by the manufacturers from the consumers?

Shri Manubhai Shah: The hon. Member asks the same question which I answered before. This matter depends on demand and supply. There are hundreds and thousands of varieties of utensils, and Government does not maintain a price register of them, but we know that if the availability of stainless steel is good, prices adjust themselves. Unfortunately, in the last few months we have not been able to allow the import of as much stainless steel as required by the trade

Shri Heda: Stainless steel is also required for industrial purposes. May I know whether industry is suffering because of the factories which manufacture utensils?

Shri Manubhai Shah: No, Sir. In industry stainless steel is allowed to actual users for specific purposes separately. This question is about stainless steel required for utensils.

श्री भक्त दर्शन : ये जो जगहीन फौलाद के बर्तन हैं ये काफी लोक प्रिय होते जा रहे हैं और हम लगभग ३ करोड़ रुपये के बर्तनों का आयात भी कर रहे हैं। अतः मैं जानना चाहता हूं कि अपने ही देश में इन के निर्माण के लिये क्या कोई व्यवस्था की जा रही है ?

श्री मनुभाई शाह : जी ४०,००० टन की केपेसिटी की व्यवस्था की जायेगी। उस में से १०,००० टन स्टैनलैस स्टील तीन या चार साल के अन्दर तैयार किया जायेगा। इस के तैयार करने के लिये पब्लिक सैक्टर में जो लोहे की फैक्ट्रियां हैं उन में से किसी में व्यवस्था की जायेगी।

Shri V. P. Nayar: May I know whether the policy at present is only to allow imports for actual users or whether importers are also being allowed, and if so, what the proportion between them is?

Shri Manubhai Shah: The present policy is to allow some of the major stainless steel producers as actual users, but a greater quota is allowed to the established importers, depending upon their past imports.

Shri V. P. Nayar: What is the proportion?

Shri Manubhai Shah: The policy has been announced; it varies from 35 to 50 per cent. on the actual imports in the past.

Shri V. P. Nayar: Could I have some idea of the margin of profits which the importers take?

Mr. Speaker: This question is coming up again and again in the same manner.

Shri V. C. Shukla: Mr. Speaker, Sir.....

Mr. Speaker: Let the hon. Member wait. He made representation to me. Let me finish with the Short Notice Question first.

Short Notice Question

Indians in Singapore

\+

S.N.Q. No. 2. **Shri N. R. Munisamy:**
Shri Subbiah Ambalam:
Shri Tangamani:
Shri D. C. Sharma:
Shri Raghunath Singh:
Shri Shree Narayan Das:

Will the **Prime Minister** be pleased to state:

(a) whether it is a fact that thousands of Indian residents in Singapore have now been rendered stateless;

(b) if so, what action Government of India propose to take to remedy this issue;

(c) whether any urgent appeal has been received by Indian Government from the Indian Chamber of Commerce, Singapore;

(d) if so, the nature thereof;

(e) whether the Indian citizenship Act provides any protection to the Indian residents in Singapore in case of such contingency; and

(f) whether the Indian passports would be restored until Singapore citizenship is accepted on the basis of

Commonwealth citizenship Act to be passed hereafter?

The Deputy Minister of External Affairs (Shrimati Lakshmi Menon): (a) No, Sir.

(b) Does not arise.

(c) and (d). A letter has been received from the Indian Chamber of Commerce, Singapore, listing certain difficulties and asking clarification on certain points. The main hardship appears to be due to the Singapore Government's delay in issuing Singapore passports, and issuing provisionally Identity Certificates instead to those who want to go abroad. The other point on which clarification has been sought relates to the reacquisition of Indian citizenship by those who have already acquired citizenship of U.K. and the Colonies.

(e) No.

(f) It is not possible to issue Indian passports to persons who are not Indian citizens. Pending issue of Singapore passports, Singapore citizens of Indian origin can travel on Identity Certificates which are issued by the Singapore Government.

Shri N. R. Munisamy: As a result of certain advice given by the High Commissioner at Kualalumpur the residents in Singapore have been wrongly put into this situation of making themselves Stateless. Would the Government of India offer easy conditions in case they express a desire to acquire Indian citizenship, and if so, what action would Government take?

Shrimati Lakshmi Menon: Our High Commissioner in Kualalumpur has not given any wrong advice to the Indians there. All those people who wanted to acquire Singapore citizenship were allowed to do so of their own free will without any kind of pressure or any kind of wrong advice being given to them by our High Commissioner, and they did it; they acquired citizenship for their own advantage either because they wanted to have some facilities for their children's education or because they wanted to be enrolled as voters.

Shri N. R. Munisamy: During the latter part of 1957, the High Commissioner had offered certain encouragement to the Indians residing there to get themselves registered as citizens of Singapore with a view to get the right to vote. As a result of it, some of the Indians there have got only rights for internal purposes and not for international commitments, and they are not given any facility to come to India, because visa is refused.

Shrimati Lakshmi Menon: There is no restriction on anybody coming to India from Singapore. They have got the right of free entry and the right of residence in India. The question is only the difficulty of securing passport, and in the answer I have stated what the difficulties are.

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): It is not possible for anyone to have it both ways, to have the advantages of, let us say, Singapore citizenship and the advantages of Indian nationality. Sometimes, an attempt is made to have it both ways. Now, in Singapore, during this changing period, these gentlemen or ladies decided to opt for Singapore citizenship. They have ceased to be Indian nationals thereby. Now, apparently, they say that 'You advised us to become Singapore nationals, and that is wrong advice', as the hon. Member has said. I see nothing wrong. I still advise them, all Indians abroad, insofar as they can, to associate themselves with that place as nationals. That is our advice to them. But we welcome them as Indian nationals if they seek to remain there.

Shri Tangamani: I would like to know whether the Prime Minister is aware that as many as thousand repatriates arrived in Madras by a specially chartered steamer on 19th November, 1958 because of this uncertainty, and most of them happen to be old men, women and children?

Shrimati Lakshmi Menon: This question has already been answered

that those people who had returned in large numbers from Malaya are people who were entitled to return under the contract under which they went to Malaya. It is the backlog of that number which had returned recently. Owing to the inadequacy of shipping facilities, they had to stay there longer, and now they have come back.

Shri Joachim Alva: Do we have a co-ordinated plan in regard to citizens both in Burma and in Singapore, that is, Indian citizens who are domiciled citizens, who are in serious trouble, to help them to remain there, or to help them to register themselves as Indian citizens so that they could come over to India and we can help them by rehabilitating them, for otherwise, they just cannot come to India and find a job or habitation?

Shrimati Lakshmi Menon: People who come from Singapore do not need any rehabilitation at all. In fact, the difficulty that is suggested by the Chamber of Commerce is because, if they acquire Singapore citizenship, they cannot transfer their assets to India. On the other hand, if they remain Indian citizens, they can. That is the difficulty that the Chamber of Commerce was complaining about. The hon. Member has raised two entirely different questions, namely, Burmese citizenship and Singapore citizenship

Shri Subbiah Ambalam: May I know whether the Indian residents affected by this citizenship question are only confined to the Indian residents in Singapore or also to Indian residents in Malaya?

Shrimati Lakshmi Menon: The question refers to Indian citizens in Singapore.

Shri D. C. Sharma: May I know whether all the Indians settled in Singapore have accepted Singapore nationality or whether some of them have not, and in the case of those who have not, what is going to happen to them under the new Singapore Citizenship Act?

Shrimati Lakshmi Menon: Some of them are registered under the U.K. and Colonies Citizenship Act; those who are registered under that Act cannot relinquish their citizenship unless they are adopted as citizens by some other country. That is, even if they want to relinquish their citizenship, they cannot do so, unless they are adopted by another country. Some of them are registered under the Singapore Citizenship Act, and they also remain as Singapore citizens. There are certain complications regarding their relinquishment and their coming back to us. That needs a lot of explanation, and if you wish, I shall explain.

Shri Subbiah Ambalam: May I know whether any advice was given by our Government, that is, by our High Commissioner in Malaya, on the basis of which a number of Indian residents have acquired this dual citizenship?

Shri Jawaharlal Nehru: I have just now stated that it is not a question of any special advice to anybody. Our policy is to inform Indians abroad, that is, those people who have lived there for some time, for some generations, that it is for them to decide whether to remain Indian nationals or accept the nationality of the other country. Previously, this decision was not necessary when we were not an independent republic. Then, some kind of—broadly—British nationality applied to everybody in law. Now, that cannot happen. They have to choose. They have to balance the advantages and disadvantages. If they want to remain Indian citizens, they are welcome to do so, but then they do not get the advantages of citizenship, voting and many other privileges of the countries they live in, whether it is East Africa or Malaya or other places. Our advice to them has been: 'You can choose as you like; if all your interests are in that country, it will be advantageous for you to function as citizens of that country and not as aliens living there.'

Shri Tangamani: The hon. Prime Minister has said that they have to

choose either the one or the other. But, with great respect, it is not so simple as that, because a number of them who have stayed there have got either their relations or others in India also. I would like to know what is the advice which our High Commissioner has given to those Indian residents in Singapore, where some of them are holding British passports and some even Indian passports. Has he advised them to accept Singapore citizenship or retain Indian citizenship?

Mr. Speaker: The hon. Member is going on dinning it. There is no meaning in labouring this point. The hon. Prime Minister has just said that in the changed circumstances we would certainly welcome their settling down there. There is no question of special instructions.

Shri Jawaharlal Nehru: If they want to become Indian nationals, they are welcome to do that too.

Shri Tangamani: I would like to know what was the advice given by our High Commissioner there?

Mr. Speaker: No advice was given. I heard it as much as the hon. Member. The hon. Prime Minister has said twice that no special instructions have been given except to tell them generally: 'Let them settle down there. It will be welcome. But if they want to come back, let them come back.'

Shri Jawaharlal Nehru: It is not a question of coming back. That may or may not arise. It is a question of remaining Indian nationals. If they remain Indian nationals, then, if I may use the word, they are at the mercy of the other Government. They can be sent back. They need not come back as soon as they decide. After all, Indian nationals live elsewhere. But in every country, including, if I may say so, India, nobody likes aliens in large numbers to settle down. They become a problem. So if they do not accept the nationality of the place, they are likely to have continuing difficulties, and may even be asked to leave. We have no logical reason to protest.

Shri Jaipal Singh: I would like a further clarification of the general policy statement the Prime Minister has made. Would that advice, or rather the general policy, apply to hundreds and thousands of persons who are in Ceylon now where the Government of Ceylon refuses to give them Ceylonese nationality? What is the position there? Are we trying to tell them: 'Come back; we welcome you'? Is that the position?

Mr. Speaker: It does not arise out of the main question.

Shri Jawaharlal Nehru: That question is entirely different. They have not been, and are not, Indian nationals. There is no question of choice at all there, except. . . .

Shri Jaipal Singh: What are they now? They are not Ceylonese.

Shri Jawaharlal Nehru: That is a question which the hon. Member might address to the Ceylon Government. The position is that they are not Indian nationals, but in certain circumstances, if they so freely wish, a number of them can become Indian nationals, if they satisfy our conditions, and it is a free wish, not an imposition on them by any party. In that sense, it would be true to say that. But it is not true in the case of Singapore; to call these people Stateless is not quite correct. But it is true—and that is the major problem with Ceylon—that several hundred thousand people who live in Ceylon, —many of them have been born in Ceylon, sometimes even their parents were born in Ceylon—have been denied certain normal rights of citizenship. This question arose before there were two nationality laws. It arose 30, 40 or 50 years ago—I forgot the exact time. Now it has taken another shape in that there are two independent countries. According to us, the vast majority of them are, or ought to be, Ceylon nationals.

Raja Mahendra Pratap: We can advise them to become world citizens.

WRITTEN ANSWERS TO *QUESTIONS

Industrial Committee on Cotton Textile

*340. **Shri T. B. Vittal Rao:** Will the Minister of **Labour and Employment** be pleased to state:

(a) whether Government propose to convene a meeting of Industrial Committee on Cotton Textile to discuss the situation in the industry;

(b) if so, when the same is likely to be convened; and

(c) if reply to part (a) above be in the negative, the reasons thereof?

The Deputy Minister of Labour (Shri Abid Ali): (a) No.

(b) Does not arise.

(c) Questions relating to remuneration of Labour are already under the consideration of the Textile Wage Board. Certain other questions relating to the Industry were considered recently by the Textile Enquiry Committee appointed by the Ministry of Commerce and Industry.

Silk Handloom Weavers' Co-operative Societies

*341. **Shri Keshava:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) how many silk handloom weavers' co-operative societies are there in the State of Mysore;

(b) whether any survey of the number of silk loom weavers has been made in the State of Mysore and if so with what result; and

(c) what steps the Central Government have taken to bring the silk loom weavers into the co-operative field?

The Minister of Industry (Shri Manubhai Shah): (a) 39.

(b) No such survey has been conducted by the Central Government.

(c) Upto 1957-58, an amount of Rs. 75,36,097-7-6 has been sanctioned to various State Governments for the development of the silk handloom industry. This includes an amount of Rs. 57,83,733-12-0 sanctioned towards working capital and share capital. This has enabled State Governments to bring silk weavers into the co-operative fold.

Second Five Year Plan of Kashmir

*342. **Shri Nagi Reddy:**
Shrimati Parvathi Krishnan:

Will the Minister of **Planning** be pleased to state whether any independent team appointed by the Planning Commission proposes to visit Kashmir to assess the implementation of the State's Second Five Year Plan?

The Deputy Minister of Planning (Shri S. N. Mishra): No such team has been appointed by the Planning Commission. The Planning Commission's Adviser, Programme Administration, keeps in touch with the progress of implementation.

Cement Factories

*343. **Shri R. C. Majhi:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether it is a fact that new cement factories have not been established according to the sanction given for their establishment;

(b) if so, how many are yet to be completed; and

(c) whether any time was fixed for establishment while according the sanction for these factories.

The Minister of Industry (Shri Manubhai Shah): (a) Yes Sir; some cement factories have not been established according to schedule.

(b) 22 new units and 26 expansions.

(c) When licences for establishment of new cement factories or expansion of existing units are granted, the dates by which the projects are to be completed are indicated in the licences. For valid reasons, such dates are extended later.

Export of Bicycles

*344. **Shri Ajit Singh Sarhadi:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether it is a fact that there are great potentialities of export of bicycles from India to South East Asian countries; and

(b) if so, what steps are being taken to increase the exports?

The Minister of Industry (Shri Manubhai Shah): (a) and (b). A statement is placed on the Table of the Lok Sabha.

STATEMENT

It would not be correct to say that "there are great potentialities of export of bicycles from India to South East Asian countries". The internal ruling prices of Indian cycles are appreciably higher than the prices at which the imported foreign made cycles are now available in South East Asian markets. In spite of the efforts made by the Engineering Export Promotion Council and certain Indian manufacturers of cycles, no appreciable exports of our cycles have so far been possible. Nevertheless, at the instance of the Ministry of Commerce and Industry, the All India Cycle Manufacturers' Association are attempting to formulate a scheme to promote exports of bicycles as a collective effort of all those engaged in the cycle industry.

Diplomatic Immunity for Indian Princes

*345. **Shri Damani:**
Shri Raghunath Singh:
Shri Ansar Harvani:

Will the **Prime Minister** be pleased to state:

(a) whether Indian Princes on private visits abroad are entitled to diplomatic immunity;

(b) whether Government are aware that recently an Indian Prince charged for driving under the influence of liquor in London claimed, diplomatic immunity; and

(c) if so, whether this Prince was entitled for such privilege?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) No.

(b) In a statement to the Indian High Commission, London, the Prince concerned stated that during the interrogation by the Police he was asked whether he was a privileged person to which he answered in the affirmative under the impression that privileges to which Indian Princes were entitled before 1947 were still valid. Apart from this, he has stated that he never mentioned anything about diplomatic privileges.

(c) No.

Production of Cement

*346. **Shri Panigrahi:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether the target of 16 million tons of cement as fixed for the Second Plan period is found possible of being achieved; and

(b) how much of this target remains to be fulfilled during the last two years of the Plan period?

The Minister of Industry (Shri Manubhai Shah): (a) No, Sir.

(b) According to the approved programme of production on the basis of schemes covered by import licences for plant and machinery, it is expected that the present annual installed capacity of 7·05 million tons will increase to 9·13 million tons in 1959 and 9·94 million tons in 1960-61.

Reviews of Progress of Plan

*347. **Shri Bimal Ghose:** Will the Minister of Planning be pleased to state:

(a) whether Annual Plans and Annual Reviews of the Progress of

the Second Five Year Plan are being prepared; and

(b) if so, whether a copy thereof would be laid on the Table?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) and (b). Yes. Annual plans were prepared for 1957-58 and 1958-59 after detailed discussion with the States and Ministries. The annual plan for 1956-57 was prepared by States and Ministries on their own on the basis of suggestions made by the Planning Commission. Information regarding the plans for these three years has been furnished in Planning Commission's Appraisal and Prospects of the Second Five Year Plan.

The progress of the Plan during the first two years and anticipated progress for the third year have been reviewed in the Appraisal and Prospects of the Second Five Year Plan and in a report on State Development Plans.

The Progress report for 1957-58 is at present under preparation.

International Tea Agreement

*348. **Shri Tridib Kumar Chaudhuri:**
Shri Bimal Ghose:
Shri Bose:
Shri Aurobindo Ghosal:
Shri Hem Barua:

Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether it is a fact that certain tea producing interests of India met with their counterparts in a Conference in Colombo from October 8 to 10 and agreed on the desirability of reviving the International Tea Agreement;

(b) what bodies of tea producers in India participated in this Conference and sent delegates to it;

(c) to what extent were our Government kept informed about this Conference;

(d) what bodies of producers were represented from the Ceylonese side; and

(e) whether it is a fact that Government have approached the T.C.M. in this regard?

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): (a) to (e). A statement is laid on the Table of the Lok Sabha.

STATEMENT

(a) Preliminary discussions were held between the representatives of the tea producers of India and Ceylon in Colombo from October 8th to October 10th in regard to the revival of International Tea Agreement. It is understood that the proposals made during the Colombo discussions have still to be examined by the Producers' Associations of the two countries.

(b) Representatives of the Indian Consultative Committee of Tea Producing Associations participated in the Conference. Of the four members who participated in the discussions, two belonged to the Indian Tea Association, Calcutta, one to the Indian Tea Planters' Association, Calcutta, and one to the United Planters' Association of Southern India, Coonoor.

(c) Government were aware that such a Conference was going to be held.

(d) The Planters' Association of Ceylon and the Low Country Products' Associations, Ceylon.

(e) No, Sir.

Effect of Suez Crisis on Plan

*349. **Shri R. R. Morarka:**
Shrimati Mafida Ahmed:

Will the Minister of **Planning** be pleased to state:

(a) the financial effect of the Suez crisis on the Second Five Year Plan;

(b) the additional foreign exchange spent due to the crisis; and

(c) the delay involved in the execution of projects due to the same?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) to (c). The Suez crisis is estimated to have raised freight costs by Rs. 15—20 crores. Other effects such as delays in deliveries cannot be assessed in any precise terms.

Shares of Private Enterprises

*350. { Shri Warior:
Shri Vasudevan Nair:

Will the Minister of Planning be pleased to state:

(a) whether the State Government of Kerala had requested the Planning Commission to agree to the State Government investing from State funds in the shares of private industrial undertakings in order to encourage industrialisation in that State; and

(b) if so, whether Planning Commission had agreed to the suggestion?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) The State Government have periodically requested the Planning Commission to approve their making investments in individual industrial undertakings in the private sector and they have also periodically requested that a lump sum provision be made for such investments.

(b) The request for a lump sum provision has not been agreed to since according to the policy enunciated by the Central Government the State Governments are not ordinarily expected to make investments in private sector projects. Some of the proposals for investment in individual undertakings have, however, been approved as a special case.

Asian-African Legal Consultative Committee

*351. { Shri N. R. Munisamy:
Shri Hem Barua:

Will the Prime Minister be pleased to state:

(a) the international legal issues that had come up for discussion in the session of Asian-African Legal Consultative Committee at Cairo in October, 1958; and

(b) the names of the members of the Indian delegation who took part in that session?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) The legal problems on which discussions took place were:

Diplomatic Immunities,

Principles of Extradition,

Immunity of States in respect of Commercial Transactions,

Dual Citizenship,

Status of Aliens,

Recognition of Foreign Decrees in Matrimonial matters and free legal aid.

The Committee had also before it the reports of the International Law Commission of its Ninth and Tenth Sessions.

(b) The members were:

1. Shri M. C. Setalvad.
2. Shri Sachin Chaudhuri.
3. Shri V. S. Deshpande.
4. Shri I. P. Singh.

Conference of Chief Inspectors of Factories

*352. **Shri Tangamani:** Will the Minister of Labour and Employment be pleased to state:

(a) whether the Conference of Chief Inspectors of Factories took

place in Hyderabad during September, 1958;

(b) if so, the decisions taken; and

(c) the steps taken for implementation of the decisions?

The Deputy Minister of Labour (Shri Abid Ali): (a) Yes.

(b) The main decisions taken were with regard to (i) the appointment of Safety Officers and Certifying Surgeons, (ii) drawing up of a list of machines indicating the safeguards to be provided by manufacturers, (iii) extending the limit for filing prosecutions to six months, and (iv) the framing of rules for the control of hazards in the manufacture and formulations of insecticides.

(c) The decisions are under consideration in consultation with the State Governments.

Arrears of Rent of Government Buildings

*353. **Shri Raghunath Singh:**
Shri Ram Krishan:
Shri Vajpayee:
Shri Wodeyar:
Shri A. K. Gopalan:
Shri Kunhan:
Shri Naravanankutty Menon:
Shri V. C. Shukla:

Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) whether it is a fact that arrears of rent on Central Government buildings run into a few crores of rupees;

(b) if so, the broad details of those arrears; and

(c) the nature of the steps taken or proposed to be taken to recover the arrears?

The Deputy Minister of Works, Housing and Supply (Shri Anil K. Chanda): (a) to (c). Figures are available only up to the later part of 1957. The arrears have to be recovered as follows:—

	Rs.
(i) by the Ministry of Defence	152 lakhs (approx.)
(ii) by the Ministry of Rehabilitation . . .	104 lakhs
(iii) by the Ministry of Works, Housing and Supply .	37 lakhs
(iv) by other Ministries of the Government of India .	23 lakhs
TOTAL . . .	316 lakhs

Details are given in the Statement laid on the Table of the House. [See Appendix II, annexure No. 54.]

Piece-Rate System of Payment

*354. **Shri Halder:** Will the Minister of **Labour and Employment** be pleased to state:

(a) whether any discussion took place on application of piece-rate system of payment in Calcutta docks with the representatives of employers and employees;

(b) if so, the result thereof; and

(c) whether the recommendations of the Jeejeebhoy Committee will be introduced by stages in docks?

The Deputy Minister of Labour (Shri Abid Ali): (a) and (b). The Jeejeebhoy Committee held discussions with all concerned before submitting their review report, which is under consideration.

(c) There is no such proposal under consideration.

Indo-Pak Canal Waters Dispute

*355. **Shrimati Mafida Ahmed:**
Shri Goray:

Will the **Prime Minister** be pleased to state whether it is a fact that the International Law Association which held its meeting in New York during September, 1958 upheld India's stand in toto on the Canal Waters dispute with Pakistan?

The Deputy Minister of External Affairs (Shrimati Lakshmi Menon): The International Law Association, which is a non-governmental organisation, held a conference in New York in September, 1958. They laid down certain general principles governing the use of rivers flowing through the territories of two or more States. They did not consider any specific problem. There was thus no question of their upholding any particular stand or claim.

A copy of the resolution passed by the International Law Association is placed on the Table of the Lok Sabha. [*See* Appendix II annexure No. 55.] Honourable Members may draw their own conclusions from the principles enunciated in this resolution.

Tea Plantations in Kerala

*356. **Shri E. Madhusudan Rao:**
Shri N. R. Munisamy:
Shri Goray:

Will the Minister of **Commerce and Industry** be pleased to state:

(a) the estimated loss in the output of tea and Foreign Exchange earnings therefrom, as a result of labour troubles in Kerala Tea Plantations; and

(b) the steps taken or proposed to be taken in the matter?

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): (a) Precise information is not available. The loss in output of tea is estimated by the planters at 4·8 million lbs. in Munnar and Peermade areas. The loss in foreign exchange earnings on this basis is estimated at Rs. one crore.

(b) The conciliation machinery could not bring about a settlement. There has been a demand for adjudication of the dispute but the workers organisations are divided. The State Government, therefore, propose to set up a Conciliation Board under section 5 of the Industrial Disputes Act, 1947 with an independent person as Chairman and the representatives of parties as members for promoting a settlement of the dispute.

Employees' Provident Fund

*357. **Shri Vajpayee:**
Shri Ram Krishan:
Shrimati Parvathi Krishnan:

Will the Minister of **Labour and Employment** be pleased to state:

(a) whether it is a fact that Government have been approached by the textile-mill-owners urging that new owners who wanted to restart closed establishments should be exempted from the operation of the Employees' Provident Fund Act for some time; and

(b) if so, Government's reaction thereto?

The Deputy Minister of Labour (Shri Abid Ali): (a) Yes. Requests from some Mills have been received.

(b) The matter is under consideration.

Code of Discipline in Industry

*358. **Shri Rajendra Singh:**
Shri D. C. Sharma:
Dr. Ram Subhag Singh:
Shri Achar:
Shri Raghunath Singh:

Will the Minister of **Labour and Employment** be pleased to state:

(a) whether it is a fact that a number of cases of breaches of the Code of Discipline in Industry have been reported to Government;

(b) if so, the number thereof;

(c) whether Government propose to have a study of strikes in the country in the context of the Code of Discipline in Industry; and

(d) if so, when will this study be undertaken?

The Deputy Minister of Labour (Shri Abid Ali): (a) Yes.

(b) 85.

(c) and (d). Yes, of major strikes, as and when necessary.

Industrial Estates in Bombay

*859. **Shri Amar:** Will the Minister of Commerce and Industry be pleased to state:

(a) the total number of Industrial Estates in Bombay State to be set up during the Second Five Year Plan;

(b) the places where these estates are going to be set up;

(c) whether there is any scheme to set up Industrial estate in Ratnagiri District;

(d) if so, the location thereof; and

(e) if the reply to part (c) is in the negative, reasons therefor?

The Minister of Industry (Shri Manubhai Shah): (a) to (e). A statement is laid on the Table of the Lok Sabha.

STATEMENT

(a) and (b). The Bombay Government propose to set up 16 Industrial Estates during the Second Five Year Plan one each in the following places:—

1. Kurla (Bombay city).
2. Atale near Kalyan (Bombay).
3. Udhna.
4. Poona.
5. Kolhapur.
6. Baroda.
7. Ahmedabad.
8. Mehsana.
9. Malegaon.
10. Karad.
11. Rajkot.
12. Bhavnagar.
13. Kandla.
14. Nagpur.
15. Amravati.
16. Nanded.

(c) No, Sir.

(d) Does not arise.

(e) The criterion for selecting a site for an industrial estate is the availability of power, water, transport, facilities like vicinity to railways and adequate local demand. According to the Bombay Government these facilities do not exist in Ratnagiri District and hence they have no proposal to set up an estate in Ratnagiri District for the present.

Indian Tea for West Germany

*860. **Shri Sadhan Gupta:**
Shrimati Maida Ahmed:

Will the Minister of Commerce and Industry be pleased to state:

(a) whether the attention of Government has been drawn to the statement reported to have been made by Dr. A. Seifriz, a German Delegate to Fund-Bank meeting, on 18th October, 1958 to the effect that there is immense potentiality for popularising Indian tea in West Germany;

(b) if so, the steps, if any, taken or proposed to be taken to that end;

(c) the quantity of Indian tea at present consumed in West Germany, and

(d) the estimated potentiality of the increase of consumption as a result of the steps taken or proposed to be taken?

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): (a) to (d). A brief report on the subject appeared in a Calcutta daily on October 20, 1958. Government are trying to ascertain more fully his views in the matter. At present, about 6 million lbs. of Indian tea are consumed in West Germany.

Promotional efforts made with a view to encourage the consumption of tea in that country have not been very successful due to popularity of other beverages and high imports on tea.

Radio-Active Contamination

*361. **Shri Narasimhan:** Will the **Prime Minister** be pleased to state:

(a) whether the various important articles of imported food such as milk and milk-powder are tested for assesing their radio-active contamination;

(b) if so, whether any organisation has been set up for the purpose; and

(c) whether the recent increase in the number of nuclear tests has been found to have any direct effect on articles of imported food of the category mentioned above?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) and (b). While sample analysis of indigenous edible and imported milk powder are carried out in the laboratories of the Atomic Energy Commission with a view to ascertaining their radio-active content, no large-scale or systematic test of all imported foodstuffs is done, as Government do not consider it necessary or practicable.

(c) According to the findings of the United Nations Committee on the effects of atomic radiation, radioactive contamination of the environment resultng from explosions of nuclear weapons constitutes a growing increment to worldwide radiation levels. The results of the analysis of foodstuffs, both here and in other countries, however, show that the radio-active concentration in foodstuffs is at present insignificant and below the danger level.

Eucalyptus Oil

*362. **Shri Subbiah Ambalam:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether any assessment of the annual production of Eucalyputs oil in India in general, and Nilgiris in particular has been made;

(b) if so, the result thereof;

(c) what are our internal requirements annually;

(d) whether export possibilities have been explored; and

(e) whether Government contemplate the establishment of an Institute of Research and Marketing Survey of Eucalyptus Oil?

The Minister of Industry (Shri Manubhai Shah): (a) No, Sir.

(b) Does not arise.

(c) Between 2,50,000 to 3,00,000 lbs.

(d) Yes, Sir. But the main difficulty is the low cineol content of the indigenous oil.

(e) Research work connected with development of essential oil industry is already carried out at various national research laboratories. Directorate of Agriculture and Marketing Inspection are also exploring possibilities of laying standards for the quality of Eucalyptus Oil for export.

Revision of U.N. Charter

*363. **Shri Koratkar:** Will the **Prime Minister** be pleased to state as to how the matter regarding the revision of the U.N. Charter stands at present?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): There have been no developments since the Starred Question on the same subject, No. 1489 by Shri D. C. Sharma, was answered on 5th September, 1957.

Film on Untouchability

*364. **Shri Daljit Singh:**
Shri B. C. Mullick:

Will the Minister of **Information and Broadcasting** be pleased to refer to the reply given to Starred Question No. 1021 on the 18th March, 1958 and state the progress so far made in regard to the proposal for producing a full length educative film on the removal of untouchability?

The Minister of Information and Broadcasting (Dr. Keskar): A script is under consideration. Terms and conditions for the production of the film are being finalised.

Export of Oils and Oilcakes

*365. **Shri Hem Barua:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether it is a fact that there has been a steady fall in the export of oils and oilcakes resulting in loss of traditional overseas markets; and

(b) if so, what steps have so far been taken to improve the position?

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): (a) There has been a decline in the exports of vegetable oils, but exports of oilcakes have lately improved.

(b) Exports of oils have declined on account of our prices being high as compared to international prices. If the efforts to increase production of oil seeds succeed, it should be possible to make larger supplies available for export at competitive prices. A statement showing the steps taken to step up exports of oils and oilcakes is laid on the Table of the Lok Sabha. [*See* Appendix II, annexure No. 56.]

Change in the Course of River Ravi

*366. **Sardar Iqbal Singh:** Will the Prime Minister be pleased to state:

(a) the acreage of land gone to Pakistan side due to the change in the course of Sutlej and Ravi Rivers during the year 1958; and

(b) the details and amount of help or assistance given by the Government of India and the Government of Punjab to the affected persons?

The Parliamentary Secretary to the Ministry of External Affairs (Shri Sadath Ali Khan): (a) and (b). Information is being collected and will be placed on the Table of the House.

Sericulture Schemes in Manipur

*367. **Shri Achaw Singh:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether any production target has been fixed for the approved sericulture schemes in Manipur; and

(b) if so, what is the annual return of production from the schemes already implemented in the Manipur Territory?

The Minister of Industry (Shri Manubhai Shah): (a) Yes, Sir. The Central Silk Board has fixed a production target of 3,500 pounds of raw silk per annum by the end of the Second Five-Year period.

(b) 2,800 pounds of raw silk

चीन के अधीन दिखाया गया भारतीय प्रदेश

*३६८. **श्री भक्त दर्शन :** क्या प्रधान मंत्री ४ सितम्बर, १९५८ के तारांकित प्रश्न संख्या ९१५ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि मानचित्र में चीन की सीमाओं में दिखाये गये कतिपय भारतीय प्रदेशों के बारे में सरकार द्वारा चीनी गणतन्त्र को भेजे गये विरोध-पत्र का क्या परिणाम निकला है ?

वैदेशिक-कार्य उपमंत्री (श्रीमती लक्ष्मी मेनन) चीन सरकार ने हाल ही में जो जवाब पीकिंग स्थित हमारे राजदूतावास को दिया है, उस में उन्हों ने लिखा है कि चीन में जो नक्शे हाल में छपे थे, उन में चीन और भारत समेत उस के पड़ौसी देशों के बीच सीमा की रेखा उन नक्शों के आधार पर खींची गई है जो स्वतन्त्रता के पूर्व चीन में छपे थे और चीन सरकार अभी तक चीन की सीमाओं का सर्वेक्षण नहीं किया, न उन्हों ने संबद्ध देशों के साथ सलाह-मशविरा किया और

यह कि चीन की सरकार अपनी मर्जी से सीमा में कोई परिवर्तन नहीं करेगी । जवाब में यह और लिखा है कि समय गुजर जाने, विभिन्न पड़ोसी देशों के साथ सलाह-मश्विरा करने और सीमांत क्षेत्रों का सर्वेक्षण करने के बाद, चीन सरकार का इरादा है कि वह अपने सर्वेक्षण के परिणामों और पड़ोसी सरकारों की सलाह के अनुकूल चीन की सीमा का रेखांकन फिर से करेगी ।

Pakistan Police Raid on I.A.C. Office, Karachi

*369. **Dr. Ram Subhag Singh:**
Shri T. Subramanyam:
Shri Bimal Ghose:
Shri Vajpayee:
Shri Raghunath Singh:
Shri N. R. Munisamy:
Shrimati Mafida Ahmed:
Shri Assar:

Will the **Prime Minister** be pleased to state:

(a) whether the Karachi office of the Indian Airlines Corporation was recently raided by the Pakistani Police;

(b) if so, for how long did the policy carry out the search of the Indian Airlines Corporation Office;

(c) what documents and properties have the police taken away after that search;

(d) whether the police gave any cause for carrying out that search; and

(e) what action do Government propose to take in the matter?

The Deputy Minister of External Affairs (Shrimati Lakshmi Menon): (a) Yes, Sir.

(b) For nearly two hours.

(c) A list is laid on the Table of the House. [*See* Appendix II, annexure No. 57.]

(d) When asked, they stated that there were maps in the I.A.C's office which showed Kashmir as part of India and which were, therefore, objectionable under an order promulgated by the Chief Commissioner, Karachi.

(e) A strong protest has already been lodged with the Government of Pakistan.

Suspension of Nuclear Tests

*370. **Shri D. C. Sharma:**
Shri Ram Krishan:

Will the **Prime Minister** be pleased to state:

(a) the further efforts made by the Government in collaboration with other countries in the U.N. Assembly for bringing about suspension of nuclear and thermo-nuclear test explosions;

(b) the names of countries which associated themselves with India for this purpose; and

(c) the results thereof?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) The Indian delegation made all possible efforts to obtain general agreement on this important question. However, in the background of cold-war atmosphere, they did not succeed.

(b) India moved a resolution on 4th November in co-operation with 18 other countries. They were:

Afghanistan,
Burma,
Cambodia,
Ceylon,
Ethiopia,
Ghana,
Indonesia,
Iraq,
Morocco,
Nepal,
United Arab Republic,
Yemen,
Yugoslavia.

(c) The voting in the plenary was 27 countries in favour 41 against and 13 abstentions. The joint resolution was, therefore, not adopted.

Power Projects, Punjab

*371. **Shri Ram Krishan:** Will the Minister of **Planning** be pleased to state:

(a) whether the ceiling limit on power projects of the Second Five Year Plan in Punjab has been increased;

(b) if so, by what amount; and

(c) whether any additional funds have been provided for rural electrification in Punjab State during 1958-59?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) No, Sir.

(b) Does not arise.

(c) No, Sir.

Surgical Instruments

*372. **Shri Subodh Hansda:**
Shri S. C. Samanta:

Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether the report of the panel for surgical instruments and appliances has been finalised;

(b) whether there is any proposal to manufacture these articles (surgical instruments and appliances) in the country; and

(c) if so, the steps taken in this direction?

The Minister of Industry (Shri Manubhai Shah): (a) Yes, Sir.

(b) and (c). The Panel has made certain recommendations in regard to manufacture of Surgical instruments and appliances, which are under examination.

Indian Engineers for Ghana and Iraq

*373. **Shri Harish Chandra Mathur:**
Shrimati Ila Palchoudhuri:
Shri Raghunath Singh:
Shri Bibhuti Mishra:

Will the **Prime Minister** be pleased to state:

(a) whether the Governments of Iraq and Ghana have asked for the Services of Indian Engineers; and

(b) if so, what are their requirements; and

(c) what is our response in the matter?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) Yes.

(b) and (c). The Government of Iraq asked for the services of two highly qualified irrigation engineers for a few weeks to advise them on their dam and irrigation projects and the Government of India released the Chairman of the Central Water and Power Commission and a Director of the Bhakra administration in response.

The Government of Ghana have asked the Government of India for the loan of upto 250 officers for service in Ghana. So far, requisition has been received for 50 experts in the fields of Agriculture, Irrigation and Power, Health/Medicines, Posts and Telecommunication, Public Works, Survey and Railways. Names of suitable Officers for some of these posts have been recommended to the Government of Ghana for consideration. Four Indian Officers for service in the Ghana Railways have so far been selected and their release will be arranged after the offers of appointment have been accepted by them.

Floor Mats and Mattings

*374. **Shri V. P. Nayar:** Will the Minister of **Works, Housing and Supply** be pleased to refer to the reply given to Unstarred Question No. 533

on the 19th August, 1958 and state the total value of floor furnishings bought since the receipt of the circular from the Commerce and Industry Ministry in March, 1958 and the value of coir products bought, if any?

The Deputy Minister of Works, Housing and Supply (Shri Anil K. Chanda): The total value of floor furnishings procured by the Ministry of Works, Housing and Supply and its attached and subordinate offices from 1st April, 1958 to 31st October, 1958 was Rs. 1,77,000 approximately. Of this, the value of coir products was about Rs. 5,000.

Exports of Automobiles

*375. **Shri Keshava:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether it is a fact that the Indian Automobile Industry has entered the export market; and

(b) if so, to which country does it export its cars and since when?

The Minister of Industry (Shri Manubhai Shah): (a) and (b). There have been no significant commercial exports of cars.

Raw Jute

*376. **Shri Tridib Kumar Chaudhuri:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether it is a fact that there has been an abnormal and sudden fall in the price of raw jute in all jute markets in West Bengal since the first week of October 1958;

(b) what are the reasons for this fall and its extent compared to the ruling prices of jute in September, 1958;

(c) to what extent this sudden fall of jute prices is due to speculative activities in the jute market; and

(d) the steps that Government propose to take to remedy the situation?

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): (a) There has been a fall in raw jute prices in certain markets during October, 1958.

(b) The main reason for this fall in prices may be the expectations of a good jute and mesta crop in the current season. A statement showing the ruling prices in September and October 1958 is laid on the Table of the Lok Sabha. [*See* Appendix II, annexure No. 58]

(c) Information is not available.

(d) The following steps have been taken:—

(i) the East India Jute and Hessian Exchange operating futures trading have fixed heavy margins in case prices go down below certain levels;

(ii) the Indian Jute Mills Association have re-affirmed their intention to stick to floor prices fixed for hessian and sacking in February 1958 and have also advised mills to buy jute upto three months' requirements quickly; and

(iii) imports of raw jute from Pakistan have been considerably curtailed.

Further measures are under consideration.

Export of Articles

*377. **Shri Damani:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether there has been an appreciable increase in the export of 200 articles which had been made free from control and as a result of shortening of the list of items subject to quota regulation during the last three months;

(b) if so, the details thereof; and

(c) the amount of foreign exchange earned?

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): (a) to (c). The relaxations in export

control regulations were made on the 28th August, 1958, and as export trade statistics beyond August 1958 are not yet available, it is not possible to assess the result of the liberalisation measures. Provisional figures for September, however, show that total exports including re-exports exceeded the August figure by over Rs. 9 crores.

Indian Steel Union

*378. { Shri Panigrahi: / Shri S. M. Banerjee:

Will the Prime Minister be pleased to state:

(a) whether he is aware of the report that the United Steel Workers of America have appropriated 20,000 dollars for training organisers in an Indian Steel Union; and

(b) if so, whether Government is aware of the union which is availing of this fund?

The Deputy Minister of External Affairs (Shrimati Lakshmi Menon): (a) Yes.

(b) According to our reports no Indian Union has yet received any funds from the United Steel Workers. We are, however, enquiring into this further.

पहाड़ी क्षेत्रों के लिए योजना समिति

*३७६. { श्री भक्त दर्शन : / श्री नवल प्रभाकर : / श्री हेम राज :

क्या योजना मंत्री २७ अगस्त, १९५८ के तारांकित प्रश्न संख्या ६०० के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि पहाड़ी क्षेत्रों के लिये एक अलग योजना समिति स्थापित करने के सुझाव के संबंध में इस बीच क्या प्रगति हुई है ?

योजना उपमंत्री (श्री ब्या० मं० सिंह) : योजना आयोग का विचार है कि किसी राज्य के पहाड़ी क्षेत्रों का विकास अच्छी प्रकार तभी हो सकता है यदि उन्हें अन्य क्षेत्रों के साथ ठीक ढंग से संबंधित रखा जाय और राज्य योजना में पहाड़ी क्षेत्रों से संबंधित स्कीमों पर उन क्षेत्रों की विशेष अवस्थाओं के अनुकूल कार्यवाही की जाय। इस दृष्टिकोण से योजना आयोग (कार्यक्रम प्रशासन) के सलाहकार जिनका सम्बन्ध उत्तर प्रदेश तथा पंजाब से है, इन राज्यों के पहाड़ी क्षेत्रों के कार्यक्रमों की जांच कर रहे हैं।

Hindustan Antibiotics (Private) Ltd.

*380. **Shri Morarka:** Will the Minister of Commerce and Industry be pleased to state:

(a) the likely date when the production of streptomycin in the Hindustan Antibiotics will commence; and

(b) the present imports of this medicine annually?

The Minister of Industry (Shri Manubhai Shah): (a) According to present indications the production of streptomycin at Pimpri will commence in early 1961.

(b) The imports were 25,000 kgs. in 1956 and 32,000 kgs. in 1957. The current year's import is estimated at 36,000 kgs.

Violation of Air Space by a Pakistan Aircraft

*381. **Shri Halder:** Will the Prime Minister be pleased to state:

(a) whether Government is aware of the fact that a red-coloured Pakistan plane, marked AFJ flew illegally over Hili (India) three times on the 16th October and dropped some handbills containing the proclamation of Martial law; and

(b) if so, steps taken by Government?

The Deputy Minister of External Affairs (Shrimati Lakshmi Menon): (a) Government are aware that a red coloured Pakistan plane marked "AP" flew over Hili Bandar from South to North and returned by the same route on October 16, 1958, dropping leaflets containing the proclamation of martial law.

(b) This violation of Indian air space by a Pakistan aircraft has been brought to the notice of the Government of Pakistan who have been asked to ensure that such incidents do not recur.

Tea Mission to Ireland

*382. **Shrimati Mafida Ahmed:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether it is a fact that an Indian Tea Mission visited Ireland during October, 1958; and

(b) if so, the purpose of the visit and its result?

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): (a) Yes, Sir.

(b) The purpose of the visit of the delegation was to establish personal contacts with importers of tea in Ireland, to study the possibilities of the Irish tea market and methods for increasing the sale of Indian tea in that country. Government are awaiting the report of the Delegation.

International Law Commission

*383. **Shri N. R. Munisamy:** Will the Prime Minister be pleased to state:

(a) whether India was represented at the 211th meeting of the International Law Commission;

(b) if so, the names of the Members of Indian delegation;

(c) whether the question of statelessness of individuals in some countries was discussed; and

(d) if so, the decision arrived at in regard to that aspect?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) and (b). Members of the Commission are elected in their individual capacity and not as representatives of countries. Shri Radha Binod Pal of India was elected as a member of this Commission and he took part in the 211th meeting.

(c) and (d). There were some general exchange of views on the subject of "statelessness" but no decisions were arrived at.

Foreign Arbitral Awards

*384. **Shri V. C. Shukla:** Will the Minister of Commerce and Industry be pleased to state whether it is a fact that Government are considering the question of ratification of the convention on the recognition and enforcement of Foreign Arbitral Awards?

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): Yes, Sir.

Kashmir

*385. **Shri Vajpayee:**
Shri U. L. Patil:

Will the Prime Minister be pleased to state:

(a) whether it is a fact that Pakistan has asked its representative in the United Nations to draw the attention of the Security Council to the situation in Kashmir "created by Sheikh Abdullah's trial"; and

(b) if so, India's reaction to this move?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) The Permanent Representative of Pakistan at the United Nations addressed a letter to the President of the Security Council on November 10, 1958 about Sheikh Abdullah's trial.

(b) A reply is being sent to the President of the Security Council through our Permanent Representative at the United Nations, and a copy will be placed on the Table of the House in due course.

Employment Bureau at Delhi University

*386. **Shri D. C. Sharma:**
Shri Ram Krishan:

Will the Minister of **Labour and Employment** be pleased to refer to the reply given to Starred Question No 928 on the 4th September, 1958 and state the further progress made in regard to the starting of an employment bureau at Delhi University?

The Deputy Minister of Labour (Shri Abid Ali): Formal proposals have been received from Delhi Administration and are under consideration by Government

Cotton Fabrics

*387. **Shri Subodh Hansda:**
Shri S. C. Samanta:

Will the Minister of **Commerce and Industry** be pleased to state

(a) whether it is a fact that Government have decided to license establishments which process cotton fabrics by means of power, and

(b) if so, when this will be put to operation?

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): (a) and (b) Yes, Sir The processing of Cotton Fabrics has been brought under the Industries (Development and Regulation) Act, 1951, with effect from 1st March 1957

Trade with West Germany

*388. **Shri Ram Krishan:**
Shri Raghunath Singh:

Will the Minister of **Commerce and Industry** be pleased to state·

(a) whether any talks were held recently between him and the German Federal Minister of Economics and Deputy Prime Minister Dr Ludwig Erhard for increasing exports from India to West Germany; and

(b) the result thereof?

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): (a) and (b) The Minister of Commerce and Industry did have a discussion with Dr Ludwig Erhard during the latter's recent visit to India. The discussions generally covered certain aspects of trade relations between India and West Germany including the question of increasing the quantum of exports from India to West Germany of such items as Tea, Coffee, Coir products etc Specific proposals for stepping up India's export to West Germany are being pursued through official channels and it is proposed shortly to set up an Indian Government establishment in West Germany to pursue export promotional efforts

Spindles and Automatic Looms

*389. **Shri Morarka:** Will the Minister of **Commerce and Industry** be pleased to state

(a) the number of spindles and automatic looms actually installed so far out of the 2 1 million spindles and 18 000 automatic looms as contemplated in the Plan,

(b) the reasons for not installing this capacity fully, and

(c) the names of parties who have defaulted in utilising licences?

The Minister of Industry (Shri Manubhai Shah): (a) to (c) A statement is laid on the Table of the Lok Sabha

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Statement

(a) As on 30 9 58, 0 982 million spindles had been installed The scheme for 18,000 automatic looms for export has not made any progress due to several reasons.

(b) Difficulties militating against installation of spindles and automatic looms to the full extent are reported mainly due to:—

(1) Shortage of foreign exchange for import of textile machinery,

(2) Procurement of building materials, iron, steel, etc.

(3) Weak financial position of licensee mills;

(4) Difficult conditions for penal excise for this scheme; and

(5) General market conditions.

In case of automatic looms, the additional difficulties have been with respect to the following conditions for export of cloth:—

(i) The liability of the mills to export 87½% of their past exports in any one of the years from 1953 to 1955 in addition to the full quantity of cloth produced on the automatic looms allotted; and

(ii) The liability to pay penal excise duty on shortfall in the export quota fixed for the mills.

These conditions are being relaxed.

(c) Practically no licensee has been able to go ahead because of the above reasons.

Phizo's Meeting with General Ayub

*390. **Shri Panigrahi:**
Shri Bibhuti Mishra:
Shrimati Mafida Ahmed:
Shri Aurobindo Ghosal:
Shri Raghunath Singh:
Shri Hem Barua:

Will the **Prime Minister** be pleased to state:

(a) whether it has come to the notice of Government that rebel Naga leader Mr. Phizo met recently the new President of Pakistan, General Ayub Khan in Dacca; and

(b) what is the reaction of the Government of India to such meeting of the Pakistan President and the rebel Naga leader?

The Deputy Minister of External Affairs (Shrimati Lakshmi Menon): (a) Reports to this effect have appeared in the press, but Government have no reliable information.

(b) Until more definite information is available, Government would not like to express any opinion.

दिल्ली में सरकारी बस्तियों के लिए सलाहकार समिति

*३९१. **श्री भक्त दर्शन :** क्या निर्माण, आवास और संभरण मंत्री २२ अगस्त, १९५८ के तारांकित प्रश्न संख्या ४२४ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि दिल्ली और नई दिल्ली में सरकारी कर्मचारियों की बस्तियों में रहने वाले लोगों को और सुविधायें देने के सम्बन्ध में सरकार को परामर्श देने के लिये जो सलाहकार समिति नियुक्त की गई थी उस की सिफारिशों को कार्यान्वित करने में इस बीच और क्या प्रगति हुई है ?

निर्माण, आवास तथा संभरण उपमंत्री (श्री अनिल कु० चंदा): एक विवरण सभा की मेज पर रख दिया गया है। [देखिये परिशिष्ट २, अनुबन्ध संख्या ५९]

Displaced Persons in Purana Qila

533. **Shri D. C. Sharma:** Will the Minister of **Rehabilitation and Minority Affairs** be pleased to refer to the reply given to Unstarred Question No. 747 on the 22nd August, 1958 and state the further progress made in shifting the displaced persons residing in Purana Qila, Delhi?

The Deputy Minister of Rehabilitation (Shri P. S. Naskar): Out of 689 displaced families in Purana Qila, 137 have actually shifted so far. 231 families have accepted plots in Lajpatnagar to enable them to construct houses before shifting from the Qila.

Textile Mills in Punjab

534. **Shri D. C. Sharma:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether Government are aware of the poor returns of some of the textile mills in the Punjab State; and

(b) if so, whether Government contemplate setting up an enquiry Committee to investigate into the working of these textile mills?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): (a) and (b). It has come to the notice of the Government that two Cotton Textile mills in Punjab have not been working satisfactorily. Out of these, one mill with a spindleage of 4648 being uneconomic had stopped working since 9.6.1958. A committee was set up under the Industries (Development and Regulation) Act, 1951 to investigate into the affairs of the other mill, and certain remedial measures were suggested in this case.

Textile Mills

535. **Shri S. M. Banerjee:** Will the Minister of Commerce and Industry be pleased to state:

(a) the number of Textile Mills which remained totally closed on the 1st October, 1958;

(b) the number of those Mills where some shifts have been closed; and

(c) the total number of workers laid off and retrenched as a result of closures?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): (a) As on 1.10 58, forty cotton textile mills were totally closed.

(b) On the same date, twenty seven cotton textile mills were partially closed.

(c) Separate figures for workers laid off and workers retrenched are not available. However, as a result of these closures, 65,263 workers were affected.

Fertiliser Factory in Nangal

536. **Shri Ram Krishan:** Will the Minister of Commerce and Industry be pleased to state:

(a) the number of persons evicted from their homestead and lands for setting up fertilizer factory at Nangal in Punjab;

(b) the number of those who sought employment in the Nangal Fertilizer factory; and

(c) the number of those who were actually employed?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): (a) No one has as yet been evicted from his homestead or his shop although evictions from agricultural lands have taken place. The number of persons affected by the latter is 2883. As regards evictions from homesteads and shops a total number of 731 families and 240 shopkeepers will be affected in the future and for all purposes the persons who will be so affected are being treated as evictees even now. The acquisition of land for the Nangal Fertilizer factory has in all cases been made on payment of fair and legal compensation according to the Punjab Government's award A scheme has also been formulated by the State Government for the resettlement of the evictees by giving them alternative lands at cost in an area of 145 acres of land already acquired for this purpose The Nangal Company is helping in the implementation of this scheme both financially and otherwise.

(b) About 3500 applications seeking employment in the project have been received from the persons affected

(c) 335.

Export Promotion Advisory Committees

537. **Shri Ram Krishan:** Will the Minister of Commerce and Industry be pleased to state the names of the goods for which Export Promotion Advisory Committees have been set up so far?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): Export Promotion advisory Committees have been set up at the three

major ports for the purpose of undertaking a detailed study of export potentialities of various commodities in their respective regions and to recommend specific steps for exploiting these potentialities. There are, however, Export Promotion Councils (11 in all) which have been set up for the following specific commodities:—

Cotton Textiles, Silk & Rayon, Engineering, Plastics, Cashew & Pepper, Tobacco, Leather, Chemicals & Allied Products, Sports Goods, Mica and Shellac.

Gama Rock Salt

538. **Shri Hem Raj:** Will the Minister of Commerce and Industry be pleased to state:

(a) the quantity of Gama Rock Salt produced in the years 1956, 1957 and 1958;

(b) the agency through which it is distributed and the names of the States to which it is distributed;

(c) the quota fixed for each State; and

(d) the cost price of its production and its selling price?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri):

		Mds.
(a)	1956	17,860
	1957	12,380
	1958 (upto the end of October, 1958) . . .	6,710

(b) Rock Salt from Mandi (Guma and Drang Mines) is supplied to traders in the Gurdaspur District of the Punjab and to Banjaras, direct by the Salt Department. Supplies to Himachal Pradesh, Kangra District of the Punjab and Jammu and Kashmir are made only through the nominees of the State Governments.

(c) No separate quota for distribution from Guma to the State Governments has been fixed. Quota of Mandi rock salt (Guma and Drang) allocated to various States during the years 1956, 1957 and 1958 are as follows:

Year	Himachal Pradesh	Punjab	Jammu and Kashmir
	Mds.	Mds.	Mds.
1956 . .	80,000	45,000	25,000
1957 . .	68,300	38,400	21,300
1958 . .	69,000	25,000	21,000

(d) the cost of production of Guma Rock Salt is not worked out separately. Information regarding cost of production of Mandi rock salt and its selling price is given below:

Year	Cost of Production	Selling Price
1955-56 .	Rs. 1-13-4·94	Rs. 1-12-6 (excluding Salt Cess)
1956-57 .	Rs. 3-1-7·32	-do-
1957-58 .	Not yet known	-do-

Central Assistance to Orissa

539. **Shri P. K. Deo:** Will the Minister of Planning be pleased to state:

(a) whether there has been any curtailment in the allotment of Central assistance for implementation of the annual plan of the State of Orissa for the year 1958-59 under the Second Five Year Plan from what had already been allotted thereto; and

(b) if so, the exact position in this regard?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) and (b). For Orissa, as for other States, outlays are determined each year on the basis of annual plans. In working out annual plan outlays, the provision for the five year period is one of the main factors taken into consideration, other factors being performance, commitments, State resources etc. There has been no curtailment of the plan outlay of Rs. 16 crores agreed for Orissa

during 1958-59, of which Central assistance represented Rs. 12·5 crores. Recently a further sum of Rs. 85 lakhs has been made available as assistance for irrigation schemes.

Steel Requirements of Orissa

540. Shri P. K. Deo: Will the Minister of Commerce and Industry be pleased to state:

(a) the quantity of steel demanded by the Orissa Government as requirements for the Small Scale Industries during 1958-59 so far; and

(b) the quantity of steel allotted exclusively during the same period?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri):

	1958	Tons
(a)	April-June	900
	July-September	1,000
	October-December	1,200
(b)	April-June	455
	July-September	455
	October-December	Allocation not yet made.

Industries in Orissa

541. Shri P. K. Deo: Will the Minister of Commerce and Industry be pleased to state:

(a) whether any sum out of the amount allotted during 1957-58 and 1958-59 so far for the development of Industries in Orissa has been spent for the development of backward areas in the State; and

(b) if so, the total amount spent so far?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): (a) and (b). The information is being collected and will be placed on the Table of the House in due course.

General Housing Cooperative Societies

542. Shri Kambhar: Will the Minister of Works, Housing and Supply be pleased to state:

(a) how many General Housing Cooperative Societies are being financially helped by the Central Government under the various housing schemes in various Union Territories during the current year; and

(b) the number of members in each Society who belong to Scheduled Castes?

The Deputy Minister of Works, Housing and Supply (Shri Anil K. Chanda): (a) and (b). Out of the five Housing Schemes formulated by this Ministry, financial assistance to Cooperative Housing Societies is provided only under the Subsidised Industrial Housing Scheme and Low Income Group Housing Scheme. A statement giving the required information is placed on the Table of the Lok Sabha. [*See* Appendix II, annexure No. 60].

Nagas Raid Sildubi Village

543. Shrimati Mafida Ahmed: Will the Prime Minister be pleased to state:

(a) whether Government are aware that a gang of Nagas armed with firearms raided Sildubi village, 26 miles south of Jorhat on 26th October, 1958;

(b) if so, the extent of loss sustained by the villagers; and

(c) whether any culprit has been arrested?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) to (c). A report has been received that a batch of armed Nagas raided Sildubi village in Jorhat Sub-Division on the afternoon of 25th October, 1958, and left on the 26th carrying with them looted cash and valuables worth Rs. 1326/- approximately. Some suspects have been arrested and further investigations are proceeding.

Foreign Experts and Consultants

544. Shri U. C. Patnaik: Will the Prime Minister be pleased to state how many foreign experts and consultants visited India since 15th August, 1947:

(i) associated with each Ministry (Ministry-wise);

(ii) number of temporary visitor-consultants at the instance of ministries, and

(iii) roving foreign experts and consultants who visited India on their own initiative and offered their advice to Government?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (i), (ii) and (iii) The information is being collected and will be placed on the Table of the House

Cottage Industry

545 **Shri Pangarkar:** Will the Minister of Commerce and Industry be pleased to state the amount sanctioned to the Bombay Government for the development of Cottage Industries in Bombay during 1958-59 so far?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): The following amounts have been sanctioned during 1958-59, so far, for the development of cottage industries to the State Government of Bombay -

Name of Industry	Amount sanctioned
	(Rs. in lakhs)
1. Handloom	14·84
2. Handicrafts	1·84
3 Village Industries	18 09

In addition, the Khadi and Village Industries Commission has released the following amounts to the Bombay and Saurashtra State Khadi & Village Industries Boards:—

1 Khadi (including Ambar)	12 36
2 Village Industries	17 86

The Central Silk Board prepared one scheme for *tassar silk* industry involving a total cost of Rs 37,355 to be developed in Chanda and Bhandara Districts in Vidarbha but the same has not been sanctioned so far as some details are being awaited from the State Government.

Ambar Charkha

546. **Shri Pangarkar:** Will the Minister of Commerce and Industry *be pleased to state the number of* Charkhas distributed in the Centres of Ambar Charkha in Bombay during 1957-58 and 1958-59 so far?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): 8,080 Ambar Charkhas were distributed during 1957-58 and 2,250 during 1958-59 according to reports received upto 16 11 1958

औद्योगिक बस्तियां

५४७. श्री सरजू पाण्डे . क्या वाणिज्य तथा उद्योग मंत्री यह बताने की कृपा करेंगे कि :

(क) १९५७–५८ में विभिन्न राज्यों को औद्योगिक बस्तिया स्थापित करने के लिये कितनी-कितनी राशिया दी गयीं;

(ख) अनुदानो और ऋणों के रूप में कितनी-कितनी धन-राशिया दी गयीं; और

(ग) किन-किन कार्यक्रमों का ये राशियां दी गयी हैं ?

वाणिज्य तथा उद्योग मंत्री (श्री लाल बहादुर शास्त्री) : (क) और (ख) एक विवरण सभा-पटल पर रख दिया गया है। [देखिये परिशिष्ट २, अनुबन्ध संख्या ६१]

(ग) संलग्न विवरण में वर्णित राज्य सरकारो के लिये स्वीकृत धन राशियों के अलावा भारत सरकार ने १९५७-५८ में राष्ट्रीय लघु उद्योग निगम (प्रा०) लिमिटेड को ओखला (दिल्ली) तथा नैनी (इलाहाबाद) की औद्योगिक बस्ती योजनाओं के लिये निम्न ऋण देने की भी मंजूरी दी थी :—

औद्योगिक बस्ती	ओखला	२५ लाख रु०
औद्योगिक बस्ती	नैनी	१७ लाख रु०

Nuclear Tests in Trusteeship Areas

549. **Shri D. C. Sharma:** Will the Prime Minister be pleased to state:

(a) whether the Trusteeship Council of the United Nations have expressed their views with regard to the suspension of nuclear tests in the Trusteeship areas; and

(b) if so, the nature of their report?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) The 22nd session (October 1958) of the Trusteeship Council considered the question regarding the conduct of Nuclear and Thermo-Nuclear tests in or in the proximity of Trust Territories. Two draft resolutions were submitted to the Council.

The first of these, submitted by the representative of the USSR, would recommend to the Goverament of the USA that it should discontinue nuclear weapons tests in the Trust Territory of the Pacific Islands. It would also recommend that USA should restore to the indigenous inhabitants of the Trust Territory all their rights to the Islands of which they had been deprived by the US authorities, that it should take the necessary measures to remove the danger to which these inhabitants were exposed by the holding of nuclear tests in their territory, and that it should compensate the indigenous population of the Trust Territory for the material damage caused.

The second draft resolution submitted by the representative of India would request the Administering Authorities of Trust Territories not to conduct nuclear and thermo-nuclear tests in or in the proximity to any Trust Territory.

The two draft resolutions were considered by the Council during the examination of conditions in the Trust Territory of the Pacific Islands. The Representative of the USSR withdrew his draft resolution. The Indian resolution was voted upon and was lost as it could not obtain the necessary majority of the votes cast. The voting was four in favour (Burma, India, USSR and United Arab Republic); seven against (Australia, Belgium, "China", France, Italy, U.K. and the USA; and two abstentions (Gautemala and Haiti). The New Zealand representative did not participate in the voting because he had not received appropriate instructions from his government.

(b) No report was made by the Trusteeship Council specifically on the question of nuclear tests in Trust Territories. The Trusteeship Council in its report to the Security Council on the Trust Territory of the Pacific Islands, merely stated the facts mentioned in respect of part (a) above.

Muslim Shrines in Panjab

550. **Shri D. C. Sharma:** Will the Prime Minister be pleased to state:

(a) the number of muslim shrines m Panjab in respect of which complaints for the violation of their sanctity were received by the Government of India in 1956, 1957 and 1958 (upto the 30th November, 1958); and

(b) if so, the action taken thereon?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) There were 27 complaints —11 in 1956; 10 in 1957 and 6 in 1958.

(b) These were referred to the Government of Punjab for necessary action by the local authorities Of these 12 complaints have been finally disposed of.

U.N. Observer Group in Lebanon

551. **Shri D. C. Sharma:** Will the Prime Minister be pleased to state:

(a) whether it is a fact that the U.N. Observer Group in the Lebanon in its fourth report presented to the Security Council requested for an immediate increase in the number of its ground observers in order to operate at maximum efficiency;

(b) whether the Security Council have examined this report; and

(c) if so, their reactions thereto?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) The U.N. Observer Group in the Lebanon issued a Press communique on the 18th September, 1958, calling for an increase in the number of Observers; the reasons for the request were elaborated in the Groups Fourth Report.

(b) and (c). There has been no discussion of the Report by the Security Council but acting on the recommendation of the Observer Group the Secretary General of the United Nations requested the countries participating in the Group to send more observers; all the countries concerned complied, India sending 50 more officers.

The Observer Group have recommended in their latest report to the Secretary General that the activities of the Group should be wound up and already some of our military personnel have left for home

Industrial Relations

552. **Shri Ram Krishan:** Will the Minister of Labour and Employment be pleased to state:

(a) whether it is a fact that Government propose to undertake planned studies on the working of important statutes governing Industrial relations; and

(b) if so, the nature and names of the statutes which are being studied and scrutinized?

The Deputy Minister of Labour (Shri Abid Ali): (a) Yes.

(b) Proposals to study the working of certain labour enactments like the Industrial Disputes Act, Employees' Provident Funds Act, Minimum Wages Act, etc., were approved by the Central Implementation and Evaluation Committee at its first meeting held on September 20, 1958 The question of taking up these studies is under consideration.

Development of Eastern U.P.

553. **Shri Sanganna:**
Shri Khushwaqt Rai:

Will the Minister of Planning be pleased to state:

(a) whether any scheme for the development of Eastern U.P. has been drawn up and implemented; and

(b) if so, the details of the development programme?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) and (b) The subject is under discussion with the State Government.

New Algerian Government

554. **Shri Sanganna:**
Shri Shree Narayan Das:
Shri Rameshwar Tantia:
Shri Kodiyan:
Shri H. N. Mukerjee:
Shri Muhammed Elias:
Shri Tridib Kumar Chaudhuri:
Shri Warior:
Shri Vasudevan Nair:
Shri N. R. Munisamy:
Shri Muhammed Imam:
Shri Jadhav:
Shri V. C. Shukla:
Shri Vajpayee:
Shri U. L. Patil:
Shri Achar:
Shri Panigrahi:
Shri Hem Barua:

Will the Prime Minister be pleased to state:

(a) whether any formal request has been made to Government by the New Algerian Government for its recognition; and

(b) if so, the reaction of Government of India?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) A request to this effect was received through the Embassy of India, Cairo.

(b) The Government of India did not consider it appropriate to give

formal recognition at this stage. Government are, as is well known, in Algeria to self-determination and independence. These views have been expressed repeatedly at the United Nations, in public statements and diplomatic correspondence. Government, however, felt that formal recognition by them at this stage would not be helpful and would not be in keeping with the present facts of the situation.

Technical Training Institute at Okhla

555. Shri Bahadur Singh: Will the Minister of **Commerce and Industry** be pleased to state the estimated amount likely to be spent on the buildings and workshops of Indo-German Prototype Workshop and Training Centre, Okhla (New Delhi)?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): The estimated cost of buildings on the basis of plans recently finalised is being worked out. The cost of land and buildings is likely to be of the order of Rs. 30 lakhs.

अम्बर चर्खे का उत्पादन

५५६. **श्री पद्म देव :** क्या वाणिज्य तथा उद्योग मंत्री यह बताने की कृपा करेंगे कि :

(क) केन्द्र द्वारा प्रशासित प्रदेशों में अम्बर चर्खे के निर्माण और उस के प्रशिक्षण के लिये कितने केन्द्र खोले गये; और

(ख) क्या अम्बर चर्खे पर ऊन कातने के सम्बन्ध में कोई कार्यवाही की गयी है ?

वाणिज्य तथा उद्योग मंत्री (श्री लाल बहादुर शास्त्री) : (क) दिल्ली के केन्द्र शासित प्रदेश में अम्बर चर्खे बनाने के तीन केन्द्र स्थापित किये गये हैं। उन में से एक केन्द्र में अम्बर चर्खे बनाने के अलावा बढ़इयों को प्रशिक्षण भी दिया जाता है।

(ख) ऊन घुनने के लिये कोई तरकीब निकालने संबंधी प्रारम्भिक समस्या की जांच पड़ताल खादी तथा ग्रामोद्योग कमीशन की वर्धा स्थित गवेषणाशाला ने की थी। अम्बर चर्खे से ऊन कातने का प्रश्न अभी हल करना बाकी है। लेकिन इस बात की गवेषणा हो रही है कि इस काम के लिए मौजूदा अम्बर चर्खे में उपयुक्त परिवर्तन किया जाना कहां तक संभव है।

विदेशों में भारतीय प्रदर्शनियां

५५७. **श्री पद्म देव :** क्या वाणिज्य तथा उद्योग मंत्री यह बताने की कृपा करेंगे कि :

(क) विदेशों में किन किन स्थानों पर स्थायी भारतीय प्रदर्शनियां हैं;

(ख) सरकार उन पर कितना व्यय करती है;

(ग) १९५८ में अब तक स्थायी प्रदर्शनियों के अतिरिक्त कितनी और प्रदर्शनियां लगाई गयी ; और

(घ) ये प्रदर्शनियां किन किन स्थानों पर लगायी गयीं ?

वाणिज्य तथा उद्योग मंत्री (श्री लाल बहादुर शास्त्री) : (क) एक विवरण सभा पटल पर रख दिया गया है। [देखिये परिशिष्ट २, अनुबन्ध संख्या ६२]

(ख) एक विवरण सभा पटल पर रख दिया गया है [देखिये परिशिष्ट २, अनुबन्ध संख्या ६२] जिस में बताया गया है कि प्रमुख ट्रेड सेंटरों आदि पर १-४-५८ से ३०-९-५८ तक वास्तव में कितना खर्च हुआ तथा वर्ष के उत्तरार्द्ध में कितना खर्च होने की संभावना है। अन्य केन्द्रों का कोई खास खर्च नहीं है और उसे संबंधित दूतावासों के खर्च में ही डाल दिया जाता है।

(ग) १९ ।

(ब) एक विवरण सभा पटल पर रख दिया गया है । [देखिये परिशिष्ट २, अनुबन्ध संख्या ६२]

Employment Exchanges

558. Shri Ram Krishan: Will the Minister of **Labour and Employment** be pleased to state:

(a) whether Government is considering a scheme to improve the service by Employment Exchanges; and

(b) if so, the stage at which the scheme stands?

The Deputy Minister of Labour (Shri Abid Ali): (a) and (b). Yes. There are four main parts of the improvement programme; *viz* (1) An *expansion of the Employment Service* from 135 exchanges at the commencement of the Second Five Year Plan to about 280 exchanges by the end of the Second Plan. This is to make the Service more accessible to the public and to provide, in course of time, at least one Employment Exchange in each district, as recommended by the Shiva Rao Committee. (2) The collection of employment market information through which all concerned with planning will be in a better position to advise on future manpower requirements and to some extent assess the impact on employment of the Five Year Plans. The collection will cover all establishments in the public sector and the most significant areas and establishments in the private sector. Most of the preliminary arrangements for this programme are completed and information is being assembled.

(3) The development of vocational guidance. This scheme is intended to help young people in the wise choice of careers related to the requirements of the employment market. The programme is being worked out in collaboration with educational authorities at the Centre and the States. Eight Units out of 53 have been opened and some officers and staff have been trained for this work. 50 career pamphlets describing the types of openings available to our young people have been printed and distributed to all secondary schools. These pamphlets and other occupational information has been made available to young people at all Employment Exchanges. The programme is proceeding according to Plan.

(4) Occupational Research and Analysis. A great need has been felt for more careful definition of occupations not only for sound statistical analysis but also to provide essential information to those engaged in Vocational Guidance activity. A National Occupational Dictionary is being prepared. The code structure of this document, approved by various statistical and other authorities has been completed. Three thousand brief definitions are being finalised and a thousand have been completed and printed. Work on detailed job analysis and definitions is proceeding and the programme is proceeding according to Plan.

Incentives to Exporters

559. { Shri Ram Krishan: / Shri Damani: / Shri N. R. Munisamy:

Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Unstarred Question No. 966 on 27th August, 1958 and state:

(a) whether it is a fact that the Government have since examined proposals for extending a number of special incentives to exporters with a view to checking the shrinking world demand for some of the India's traditional items of export;

(b) if so, the nature of incentives examined; and

(c) action taken in pursuance thereof?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): (a) Yes, Sir.

(b) and (c). A statement showing the nature of incentives examined

and action taken is placed on the Table of the Lok Sabha. [See Appendix II, annexure No. 68.]

Metric System of Weights and Measures

560. **Shri S. M. Banerjee:** Will the Minister of Commerce and Industry be pleased to state:

(a) what steps have been taken to popularise the Metric System in the country specially in rural areas; and

(b) the reaction of the general people?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): (a) A documentary film with commentaries in English and all the regional languages, and a cinema slide, were shown in cinema houses throughout the country. Copies of the documentary film have been supplied to State Governments for being shown in schools, at information Centres and Community Development Blocks. Talks have been broadcast in English and the Indian languages. A number of advertisements have been published in newspapers and periodicals in English and the regional languages. Special articles have been and are continuing to be published in the Press in all the languages. Many of the leading newspapers published supplements to commemorate the introduction of the metric system on the 1st October, 1958. Demonstration weights have been supplied to State Governments for being exhibited at Community Development Blocks. Talking points have been supplied for the use of Village Level Workers. Copies of a poster and a descriptive folder have been widely distributed. A pamphlet on the metric system in English and the regional languages has been published. A Journal devoted to the subject is being published every alternative month in English and Hindi. Metric Weights, Measures, and Weighting instruments, have been exhibited at a Stall at the "India—1958" Exhibition, Delhi.

(b) Reactions from the public have been more or less uniformly favourable.

Industrial Output and National Income

561. **Shri Raghunath Singh:** Will the Minister of Planning be pleased to state the increase in Industrial output and national income in India up-to-date i.e., during the Second Five Year Plan over First Five Year Plan?

The Deputy Minister of Planning (Shri S. N. Mishra): The index of industrial production (base: 1951) was 122.1 for 1955. It increased to 132·6 in 1956 and to 137.3 in 1957. Thus as compared to 1955, the index for 1956 was higher by 8·6 per cent. and that for 1957 by 12.4 per cent.

National income (at 1948-49 prices) was Rs. 10,480 crores in 1955-56. In 1956-57, it increased to Rs. 11,010 crores—an increase of 5·1 per cent.

Labourers in Mines of Orissa

562. **Shri Damani:** Will the Minister of Labour and Employment be pleased to lay a statement on the Table showing total number of labourers employed in Iron-ore, Manganese-ore and Chromite Mines of Orissa during 1954-55, 1955-56, 1956-57 and 1957-58?

The Deputy Minister of Labour (Shri Abid Ali): Statistics in regard to the number of persons employed in mines are collected calendar year-wise. A statement giving information for the years 1954 to 1957 is given below:—

Daily average number of persons employed in:

Year	Iron-ore mines	Manganese mines	Chromite mines
1954 . .	12,006	15,097	466
1955 . .	14,107	17,875	1,211
1956 . .	13,600	17,701	1,671
1957 . .	15,684	16,190	1,703

Slum Clearance in Orissa

563. **Shri Panigrahi:** Will the Minister of Works, Housing and Supply be pleased to state:

(a) how many slum clearance schemes have been sanctioned for Orissa State during the Second Plan period; and

(b) what is the progress of these schemes in Orissa so far?

The Deputy Minister of Works, Housing and Supply (Shri Anil K. Chanda): (a) One slum clearance project for the construction of 30 tenements at an estimated cost of Rs. 99,000 was approved in February, 1958.

(b) The Orissa Government advised in October, 1958 that the tenements were almost complete except for some sanitary fittings etc. which were likely to be provided shortly.

Export of Tea

564. { **Shri Ram Krishan:** / **Shri Daljit Singh:**

Will the Minister of Commerce and Industry be pleased to state:

(a) whether it is a fact that there is good scope for export of tea;

(b) if so, the nature of steps taken to increase its export;

(c) the total quantity of tea exported during the current financial year; and

(d) the names of principal tea consuming countries?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): (a) Yes, Sir.

(b) In addition to general publicity measures and participation in foreign exhibitions, Government have recently announced relief in excise and export duties with a view to enabling our teas to compete effectively in World markets.

(c) It is estimated that 268 million lbs of tea have been exported from the period *April to October*, 1958.

(d) U.K., Eire, U.S.S.R., Netherlands, Turkey, Iran, Egypt, U.S.A., Canada, Australia and Sudan.

Export of Coffee

565. **Shri Ram Krishan:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether it is a fact that coffee is a promising item of export and there is good demand for it;

(b) if so, the nature of steps taken to increase its export;

(c) the total quantity of coffee exported during the current financial year so far; and

(d) the names of the principal exporting countries?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): (a) Yes, Sir.

(b) Our coffee forms only a small part of world's coffee exports, and thus the Indian coffee industry has had to depend largely on a stable internal market. As a matter of policy, therefore, only quantities of coffee surplus to the minimum requirement of internal consumption are set apart for export out of each season's crop. Such available surplus is normally exported before the arrival and sale of the new year's crop. The possibility of exporting more coffee is constantly under review and as much quality coffee as possible has been released for export this year.

(c) 7,700 tons upto August, 1958. Information for subsequent period is not available.

(d) The following are the principal coffee exporting countries:—

Angola, Brazil, Belgium-Congo, Costa Rica, Colombia, Ecquador, El Salvador, Guatemala, Haiti, Indonesia, Kenya, Mexico, Tanganyika, Uganda, Dominican Republic, Nicaragua, Venezuela, Madagascar, Ethipia, French West Africa. Brazil is the chief producing and exporting country to the world markets.

Safety Measures in Mines

566 **Shri Ram Krishan:** Will the Minister of **Labour and Employment** *be pleased to refer to the reply given* to Unstared Question No. 1227 on the 1st September, 1958 and state:

(a) whether the conference to discuss safety measures in mines has reached final decisions; and

(b) if so, the nature thereof?

The Deputy Minister of Labour (Shri Abid Ali): (a) No.

(b) Does not arise.

Housing Scheme for Coal Miners

567. **Shri Rajendra Singh:** Will the Minister of **Labour and Employment** be pleased to state:

(a) whether there has been shortfall in the fulfilment of the target of housing scheme for the coal miners;

(b) if so, to what extent; and

(c) the reasons therefor?

The Deputy Minister of Labour (Shri Abid Ali): (a) No target with reference to a particular year was fixed.

(b) and (c). Do not arise.

Mr. Abdul Ali

568. **Shri Rajendra Singh:** Will the **Prime Minister** be pleased to state:

(a) whether it is a fact that a Sheriff in Edinburg "on judging by his Abdul Ali-story and history" is of the view that the nationality of Mr. Abdul Ali, who underwent trial in his court is "almost certainly Indian" and consequently ordered his return to India; and

(b) what has the Indian High Commissioner done in this respect?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) No. Shri Abdul Ali's national status has yet to be determined. In accordance with the U.K. Merchant Shipping Act, the court has however, ordered his return to the custody of the Master of S.S. "Blaircova" for return to Calcutta from where he had stowed away.

(b) The question of Shri Abdul Ali's nationality is being investigated.

National Tribunal

569. **Shri Ram Krishan:** Will the Minister of **Labour and Employment** be pleased to state:

(a) whether it is a fact that Government have decided to set up a national tribunal for settling disputes of an all India character between the employees and employers with regard to service conditions; and

(b) if so, by what time the above tribunal will be set up?

The Deputy Minister of Labour (Shri Abid Ali): (a) and (b). Provision exists in section 10(IA) of the Industrial Disputes Act, 1947, for constitution of a National Tribunal for adjudicating a dispute involving any question of national importance or of such a nature that industrial establishments situated in more than one State are likely to be interested in, or affected by, such dispute. No standing National Tribunal has been constituted, but *ad hoc ones* are set up, as and when necessary.

Amendment of Indian Trade Union Act

570. **Shri Ram Krishan:** Will the **Minister of Labour and Employment** be pleased to state:

(a) whether it is a fact that Government propose to amend Indian

Trade Union Act, with a view to discourage and eliminate the formation of bogus unions; and

(b) if so, the nature of the amendments contemplated?

The Deputy Minister of Labour (Shri Abid Ali): (a) and (b). The following amendments to the Indian Trade Unions Act, 1926, recommended by the 16th session of the Indian Labour Conference held in May, 1958 are under the consideration of Government:—

(i) If any signatory to an application for registration is discharged during the pendency of the application and if the signatories were entitled to apply for registration at the time of application, registration should not be refused on the ground that they have ceased to be workers;

(ii) a membership fee of at least four annas a month should be prescribed in the rules of a trade union; and

(iii) the Registrar, or his nominee, should have the power to inspect the books of a trade union.

Water Coolers

571. **Shri Ram Krishan:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether it is a fact that water coolers are not manufactured in India;

(b) if so, the steps taken or proposed to be taken to produce water coolers in India;

(c) the number of water coolers imported during this year so far, and

(d) the valuue of Foreign Exchange spent on them?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): (a) No, Sir. Water coolers are manufactured in India.

(b) Does not arise

(c) None, as the import of complete water coolers is banned.

(d) Does not arise.

Aid to Foreign Countries

572. **Shri N. R. Munisamy:** Will the Prime Minister be pleased to state:

(a) the nature of aid India has promised for development works in Sikkim, Nepal, Tibet and Burma; and

(b) the terms and the value of such aid?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) and (b). No aid for development works has been promised to Burma or to the People's Republic of China for development work in Tibet. The required information in respect of Sikkim and Nepal is given below:—

Sikkim

I. An aid of Rs. 307 lakhs to cover the entire expenditure of Sikkim's Seven Year Development Plan, which commenced in 1956.

II. A loan of Rs. 22 lakhs for the construction of an aerial ropeway, repayable in 15 equal instalments. Interest will be charged at 4 per cent. per annum and the first instalment of repayment will begin one year after the completion of work.

Nepal

Rs. 10 crores for a period of 5 years ending 31-3-1961 in the shape of cash grants as well as contribution towards the cost of development schemes.

Medium Industrial Estate

573. **Shri E. Madhusudhan Rao:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether it has been decided to set up a Medium Industrial Estate

in Warangal at a cost of Rs. 10 lakhs; and

(b) if so, the main features thereof?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): (a) The Andhra Pradesh Government have submitted to the Central Government a proposal for the establishment of an Industrial Estate in Warangal at a cost of about Rs. 10 lakhs. The proposal is under consideration.

(b) The Estate is proposed to be built in an area of 10 acres. The cost of land and development is estimated to be Rs. 70,000, cost of factory buildings Rs. 6 lakhs and cost of administrative block canteen and other ancillary services Rs. 3,30,000

Ambar Charkha Scheme

574. **Shri E. Madhusudhan Rao:** Will the Minister of Commerce and Industry be pleased to state:

(a) what is the progress made in the Ambar Charkha Scheme so far;

(b) how many centres have been opened so far by Government to popularise this scheme; and

(c) how many weaving centres have been opened to utilise the yarn spun?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): (a) A statement containing the required information is placed on the Table of the Lok Sabha. [*See* Appendix II, annexure No. 64]

(b) The implementation of the scheme has been undertaken through various agencies, *e.g.*, institutions certified by the Khadi and Village Industries Commission, Co-operative Societies, State Governments, Development Commissioners and State Boards.

(c) Weaving of Ambar yarn has been undertaken by quite a large number of production centres set up for traditional Khadi in addition to 2,135 production centres set up under the Ambar Charkha Programme. The Majority of the latter centres are composite centres doing both spinning and weaving and hence it is not possible to state the exact number of centres engaged exclusively on weaving ambar yarn.

Tribeni Canal

575. **Shri Nagi Reddy:** Will the Minister of Planning be pleased to state:

(a) whether it is a fact that the Planning Commission has undertaken intensive survey of Tribeni Canal, Bihar, to evaluate the benefits accruing from it; and

(b) whether a copy of the report will be placed on the Table?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) Yes. The Planning Commission through the Research Programmes Committee have arranged for a study of irrigation benefits of Tribeni Canal, Bihar

(b) This will be considered when the report is ready.

News Reels

576. **Shri Wodeyar:** Will the Minister of Information and Broadcasting be pleased to state:

(a) in how many languages the news reels of the Government of India are being produced; and

(b) the reasons, if any, for not producing Kannada news reels, though, the documentaries are being produced in Kannada?

The Minister of Information and Broadcasting (Dr. Keskar): (a) Five, namely, Hindi, English, Tamil, Telugu and Bengali.

(b) Production of newsreels in other regional languages, including Kannada, has not been taken up

because of the heavy expenditure, especially the foreign exchange, involved on raw film, stores and equipment. It is proposed to take it up later.

Consumption of Cotton by Mills

577. **Shri Ram Krishan:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether it is a fact that the consumption of cotton by mills in India during 1957-58 season has fallen;

(b) if so, to what extent; and

(c) the reasons for the same?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): (a) Yes, Sir.

(b) The total consumption of cotton (both Indian and foreign cotton) during 1957-58 season was 49·99 lakh bales as against 52·33 lakh bales in 1956-57. There was thus a decline of 2·34 lakh bales in the total consumption.

(c) The decline in consumption may be attributed to the fact that the production of coarse and medium cloth and yarn during 1957-58 was lower than that of the previous year due to heavy accumulation of stocks on account of lower off-take of these varieties from the mills.

Caustic Soda

578. **Shri Jadhav:** Will the Minister of Commerce and Industry be pleased to state:

(a) the quantity of caustic soda produced indigenously per annum;

(c) the quantity of caustic soda imported annually; and

(c) the sale price fixed by Government therefor?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): (a) 1957—42,653 tons.

1958 (January-September)—41,480 tons.

(b) 1957—66,042 tons.

1958 (January-August)—34,040 tons.

(c) The price of indigenous caustic soda is not controlled. The price of imported Caustic Soda solid imported by the State Trading Corporation has been fixed at Rs. 720 per ton, F.O.R. Port town exclusive of sales tax and other levies.

Fertilizer Factory at Karad (Bombay)

579. **Shri Jadhav:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether it is a fact that a Fertilizer Factory is to be started at Karad in the State of Bombay; and

(b) when the work of construction of the factory is to begin?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): (a) No, Sir.

(b) Does not arise.

Ambar Charkha

580. **Shri Aurobindo Ghosal:** Will the Minister of Commerce and Industry be pleased to state:

(a) what is the net average monthly income of a whole-time worker from Ambar Charkha; and

(b) what are the employment potentials of the Ambar Charkha Scheme?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): (a) The average monthly income of a whole-time spinner is Rs. 19, i.e., if he works eight hours a day and 25 days in the month.

(b) Upto the end of September, 1958, about 2,15,000 persons have been provided full-time or part-time employment under the Ambar-Charkha Scheme. The future employment potential of the scheme will depend upon the size of the programme that may be sanctioned from time to time.

Poona Station of A.I.R.

581. Shri Assar: Will the Minister of Information and Broadcasting be pleased to state:

(a) whether it is a fact that Government have taken a decision to shift Poona Radio Station to some other place; and

(b) if so, the reasons therefor?

The Minister of Information and Broadcasting (Dr. Keskar): (a) Yes, Sir. The proposal is to shift the present studios to a building with more accommodation.

(b) With the augmentation of the power of the Poona Station from 1KW to 5 KW MW and increased activities of the Station, it has become necessary to provide additional office accommodation and augment existing studio and technical facilities. The present accommodation has become so cramped that the staff has to sit in crowded rooms and accommodation for visitors and artistes is practically not available. For some time two tents had been hired to house some of the staff. The Government of Bombay was not willing to give any additional rooms in the present building.

Rehabilitation of Displaced Persons in Orissa

583. Shri Panigrahi: Will the Minister of Rehabilitation and Minority Affairs be pleased to state·

(a) whether the Orissa Rehabilitation Department has submitted any scheme to the Union Government for rehabilitating East Pakistan displaced families in a separate township to be rebuilt near Cuttack;

(b) whether displaced families are living in colonies constructed in the city of Cuttack;

(c) if so, how many displaced families are settled in Cuttack city itself;

(d) whether the scheme of the Orissa State is being considered by the Union Ministry; and

(e) if so, the details of such scheme and the financial help sought for by the State Government for implementing this scheme?

The Deputy Minister of Rehabilitation (Shri P. S. Naskar): (a) No.

(b) Yes.

(c) 107 families.

(d) and (e). In view of the reply to part (a) of the question, (d) and (e) do not arise.

Export of Leather Footwear

584. Shri Pangarkar: Will the Minister of Commerce and Industry be pleased to state:

(a) whether there has been increase in the export of leather footwear in 1958 in comparison to 1957; and

(b) the names of the countries which have placed fresh orders during 1958-59?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): (a) Figures of exports are available for the period January to August, 1958 only. They show that there has not been any increase in the export of leather footwear, as compared to the corresponding period of 1957.

(b) U.S.S.R. and German Democratic Republic have placed fresh orders on the State Trading Corporation. Government have no information about orders, if any, that might have been placed on other sources of supply.

Rubber Industry

585. Shri Pangarkar: Will the Minister of Commerce and Industry be pleased to state the value of imported chemicals required in the

Rubber Industry during 1957-58 and 1958-59 so far?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri):

	(Rs. in Lakhs)	
1957-58	450	Approximately
1958-59 (April-August).	163	Approximately

Sindri Fertilizers and Chemicals (Private) Ltd.

586. **Shri Bose:** Will the Minister of Commerce and Industry be pleased to state:

(a) the total number of workers employed in Sindri Fertilizers and Chemicals (Private) Ltd.;

(b) the number of workers provided with quarters; and

(c) the scheme, if any, to build further quarters?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): (a) 6,776 (excluding daily rated and casual workers).

(b) 4,751.

(c) A scheme for the construction of further 1,082 quarters for workers during this year and next year is in progress.

Committee on Coir Industry

587 { **Shri Easwara Iyer:** / **Shri Pangarkar:**

Will the Minister of Commerce and Industry be pleased to state:

(a) whether the Committee appointed for the investigation of Coir Industry has submitted its final report; and

(b) if so, whether a copy of the report will be placed on the Table?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): (a) The Committee has submitted an interim report in respect of the Coir Development Schemes in Kerala. Its final report is expected shortly.

(b) The final report will be placed on the Table of the House when received.

Financial Assistance to Bihar

588. **Shri Jhulan Sinha:** Will the Minister of Planning be pleased to refer to the reply given to Starred Question No. 410 on the 24th February, 1958 and state how much of the amount recommended by the team appointed by the Planning Commission to report on the scarcity conditions in Bihar, Orissa, Uttar Pradesh and Madhya Pradesh and accepted by the Central Government has been made actually available to the State Government of Bihar?

The Deputy Minister of Planning (Shri S. N. Mishra): In the light of the recommendations made by the Team, special consideration was given to Bihar in the matter of assistance from the Centre during 1957-58 for the Plan as well as under other heads. The assistance sanctioned included the following:—

(1) Rs. 16·6 crores on account of Plan expenditure of Rs. 29 crores, the assistance agreed to for the Plan outlay of Rs. 33 crores being Rs 14 crores.

(2) Rs. 86·42 lakhs included in the above sum of Rs. 16·6 crores for additional minor irrigation works recommended by the team.

(3) Rs 2·5 crores as taccavi loan and Rs. 40 lakhs as grants for relief expenditure on pattern and after allowing for the amount to be incurred by the State Government according to the Finance Commission's award.

U.N. Observers

589. **Shri Koratkar:** Will the Prime Minister be pleased to state:

(a) the total number of United Nations Organisation observers who are now posted on cease fire line in Kashmir State; and

(b) the total amount incurred on these United Nations Organization observers during 1957-58?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) The number of U.N. observers posted on the Cease Fire Line in the Jammu and Kashmir State is not fixed but varies from time to time. On the 1st November, 1958, their number was 28.

(b) Expenditure on U.N. observers is borne by U.N.O. The Government of India, however, provide certain minor facilities like accommodation and rations in the forward areas, mechanical transport, free medical treatment in Military Hospital etc No separate account is maintained in respect of the expenditure involved in the grant of these facilities.

Foreign Publicity

590. **Shri Koratkar:** Will the Prime Minister be pleased to state:

(a) what steps Government have taken to intensify foreign publicity to counteract Pakistan's false propaganda against Kashmir during 1957-58; and

(b) the amount spent on the same during that period?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) (i) During the year 1957-58, a number of notes with background information and data were sent to various information-Posts abroad for dealing with Pakistan propaganda in their areas.

Our Missions abroad have also issued various brochures and pamphlets on the Kashmir Question in various languages of their regions. These have gone a very long way in counteracting Pakistan propaganda about Kashmir in those regions. Our Missions have also taken prompt corrective action in regard to false or coloured items on Kashmir and other Indian developments appearing in the foreign press.

(ii) Important news and facts about the Kashmir situation were morsecast regularly through daily transmissions to our Posts abroad.

(iii) A number of pamphlets on the Kashmir Question were produced by the External Publicity Division and distributed to journalists and correspondents in India and also to our Missions abroad for wide circulation. A list of such pamphlets is placed on the Table of the Lok Sabha. [See Appendix II, annexure No. 65.]

(iv) India's point of view on Kashmir has been carefully explained repeatedly to foreign journalists stationed in India as well as to those who visited India. They were supplied regularly with Press handouts and pamphlets etc. brought out by Government of India as well as with books dealing with the subject by prominent Indian and foreign writers

(v) Press Delegations and eminent individual foreign journalists, who visited India, were given facilities to tour this country as also to visit Kashmir and to have first-hand information on this question.

(vi) The progress and development achieved by Kashmir State is being presented abroad through photographs, exhibitions and documentary films.

(b) Details of exact expenditure incurred on the various steps taken to counteract Pakistan propaganda on Kashmir cannot be furnished, as no separate break-up of expenditure is maintained.

Food Plants for Silk Worms

591. { **Shri Hem Barua:**
Shrimati Mafida Ahmed:

Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether it is a fact that the Central Silk Board have withdrawn the subsidy for growing food plants for silk worms in Assam; and

(b) if so, what are the reasons that compelled such a decision?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): (a) No subsidy has been withdrawn for growing food plants for silk worms in Assam. Central Silk Board had not sanctioned any subsidy for the purpose.

(b) Does not arise.

Housing Problem

592. { **Sardar Iqbal Singh:**
Shri Rameshwar Tantia:

Will the Minister of **Labour and Employment** be pleased to refer to the reply given to Starred Question No. 395 on the 22nd August, 1958 and state:

(a) whether the State Governments have since conducted special surveys to find out the magnitude of the housing problem for labourers;

(b) if so, whether Government have received these survey reports; and

(c) the main features of the survey report of each State?

The Deputy Minister of Labour (Shri Abid Ali): (a) to (c). Surveys are still in progress in most of the States.

Toy Factories

593. **Shri Daljit Singh:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) the number of toy factories set up in the country so far;

(b) the kind of toys produced therein; and

(c) whether these are according to the demand of foreign countries?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): (a) and (b). No information is available about the number of toy factories set up in the country so far. The kind of toys that are produced in the country are broadly the following: metal toys, educational toys, wooden toys, dolls, glass toys, rubber toys, porcelain and earthen toys, mechanical toys, etc.

(c) The bulk of the manufacture is for the domestic market, but there is a good demand for these toys in foreign countries also.

Industrial Estate, Agra

594. **Seth Achal Singh:** Will the Minister of **Commerce and Industry** be pleased to state what progress has been made in the construction work of Industrial Estate in Agra and by what time it will be completed?

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): A statement is laid on the Table of the Lok Sabha.

STATEMENT

In the Industrial Estate at Agra there are 74 plots. Details are given below:—

(a) One acre plots	10
(b) Half acre plots	30
(c) 600 sq. yds. plots	34

The construction work in respect of 17 plots of ½ acre and 14 plots of 600 sq. yds. has been undertaken by the Improvement Trust, Agra. They are under different stages of construction, as shown below:—

(a) Buildings upto door level	2
(b) Buildings upto roof level	10

(c) Roof laid on the Buildings 19

Total of plots under construction 31

An expenditure of Rs. 10,45,535 has so far been incurred on the purchase of land and construction of buildings by the Improvement Trust, Agra. It is expected that the construction work of the entire Industrial Estate will be completed before the end of the Second Five Year Plan.

12.15 hrs.

STATEMENT RE FIRE AT LUNEJ OIL WELL

Shri V. C. Shukla (Baloda Bazar): There has been a very serious fire in the newly-discovered oil well in Lunej. The whole House is anxious to know the latest position. I shall appreciate if the hon. Minister of Mines and Oil will make a short statement dealing with the latest position about the fire so that the House may be apprised of it

Mr. Speaker: What I said some time ago relating to railway accidents, air accidents etc. applies to all such occurrences. I have sent instructions to all Ministers that wherever serious accidents or occurrences take place, they will, of their own accord, come to the House—if they feel that the matter is important—and explain to the House the situation, instead of expecting hon. Members to give notice. Now I cannot ask the hon. Minister; he may or may not be ready. Shri V. C. Shukla came and told me that the Minister was willing to make a statement. That being so, the Minister of his own accord might have stated it.

Hereafter, whenever there are serious occurrences on which the House must certainly be informed, the hon. Ministers of their own accord will ask me and I will allow them an opportunity to make a statement themselves.

The Minister of Mines and Oil (Shri K. D. Malaviya): I could have made a statement only after 12 noon.

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): It is rather difficult to measure what is serious and what is not.

Mr. Speaker: Serious in the view of the hon. Minister himself.

Shri K. D. Malaviya: I could have made a statement only after 12 noon when given an opportunity. As I was coming to the House, Shri V. C. Shukla asked me about it. I said: 'If you are going to ask me about it, I will answer it. I will be here to say something about it.'

I do not consider that the accident reported in the papers is as serious as is made out in some quarters. There is nothing to be worried about. Obviously there has been a fire due to accumulation of oil and gas round about the well whose pressure sometimes increases considerably. It is said that there are some cracks in the cementing of the wall of the hole. The oil and gas which escape from these cracks, are at a very considerable pressure, and yesterday we tried to perforate a horizon by which we wanted to control the well. Pehraps, as is reported and as I was informed also on the telephone, there was some electric welding going on near about and the vapours of the gas contacted it and there was a little fire; about 300 barrels of oil which had collected in the open pit at a distance from the well caught fire and it was all destroyed. We are now again going to perforate at about 12.30, about ten minutes from now. We hope to succeed this time. If we do not succeed this time and if there is any trouble, we are all prepared for it. We hope everything will be normal by tomorrow or the day after.

Mr. Speaker: I want to make it clear, in respect of what the hon. Prime Minister has said, that it is

entirely for the Minister to decide whether it is a matter of serious concern and the House must be taken into confidence If the Ministers do not think so, and if an hon. Member thinks that it is a serious matter, he can always bring it to our notice when I will ask the hon. Minister to decide whether it is an important matter or not. We can easily decide that There is no difficulty

Shri Jawaharlal Nehru: May I, with all respect, add something to it? The Ministers decide what is important or not. They also decide what some Members of Parliament may consider important Even so; they should make a statement

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12 18 hrs.

PAPERS LAID ON THE TABLE

Rubber Board Employees' Conduct Rules

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): I beg to lay on the Table, under sub-section (3) of section 25 of the Rubber Act, 1947, a copy of the Rubber Board Employees' Conduct Rules published in Notification No SO. 2083 dated the 11th October 1958 [*Placed in Library See* No LT-1083/58]

Amendments to Coffee Rules

Shri Satish Chandra: I beg to lay on the Table, under sub-section (3) of section 48 of the Coffee Act, 1942, a copy of each of the following Notifications making certain further amendments to the Coffee Rules, 1955:—

(1) G.S.R No. 846 dated the 27th September 1958

(2) G.S.R. No. 1071 dated the 8th November, 1958 [*Placed in Library See* No LT-1055/58].

Reports of Tariff Commission and Government Resolutions

The Minister of Industry (Shri Manubhai Shah): I beg to lay on the Table, under sub-section (2) of section 16 of the Tariff Commission Act, 1951, a copy of each of the following papers —

(i) Report (1958) of the Tariff Commission on the continuance of protection to the Sericulture industry;

(ii) Government Resolution No. 36(3)-T.R/58 dated the 18th November, 1958 [*Placed in Library See* No LT-1056/58]

(iii) Report (1958) of the Tariff Commission on the continuance of protection to the aluminium Industry,

(iv) Government Resolution No 3(5)-T.R/58 dated the 20th November, 1958 [*Placed in Library See* No LT-1057/58]

Reports of Indian Government Delegations to International Labour Conference

The Deputy Minister of Labour (Shri Abid Ali): I beg to lay on the Table a copy of each of the following Reports —

(1) Report of the Indian Government Delegation to the 41st (Maritime) session of the International Labour Conference held at Geneva in April-May, 1958

(2) Report of the Indian Government Delegation to the 42nd session of the International Labour Conference held at Geneva in June, 1958. [*Placed in Library See* No LT-1058/58]

Notification under Standards of Weights and Measures Act

Shri Satish Chandra: I beg to lay on the Table, in pursuance of an assurance given on the 8th December 1956,

[Shri Satish Chandra]

during the debate on the Standards of Weights and Measures Bill, a copy of draft Notification proposed to be issued under section 12 of the Standards of Weights and Measures Act, 1956. [*Placed in Library. See* No. LT-1059/58].

12.20 hrs.

CALLING ATTENTION TO A MATTER OF URGENT PUBLIC IMPORTANCE

IMPLEMENTATION OF AGREEMENT REGARDING BORDER ADJUSTMENTS

Shrimati Mafida Ahmed (Jorhat): Under Rule 197 I beg to call the attention of the Prime Minister to the following matter of urgent public importance and I request that he may make a statement thereon:

> "The progress so far made in implementation of the agreement arrived at recently in New Delhi between the Prime Ministers of India and Pakistan regarding border adjustments."

The Deputy Minister of External Affairs (Shrimati Lakshmi Menon): A number of questions have been tabled by hon. Members in regard to the implementation of the Agreement reached at the meeting of the Prime Ministers of India and Pakistan held from 9th to 11th September, 1958. One hon. Member has also tabled a notice under Rule 197 asking for a statement to be made in this regard. In view of the interest evinced by hon. Members, I take this opportunity to explain the present position.

The Agreement between the Prime Ministers dealt with the following problems and the lines of settlement to be adopted in each case:

(i) Demarcation of boundaries held up because of differences between India and Pakistan over the interpretation of boundaries as fixed by the Radcliffe and Bagge Awards, or because of differences over the basis of demarcation.

(ii) Exchange of territories consequent on demarcation carried out in accordance with the Radcliffe and Bagge Awards along certain sectors of the boundary between East Pakistan and West Bengal.

(iii) Difficulties created by the existence of Indian enclaves (old Cooch Behar State enclaves) in Pakistan and Pakistan enclaves in India.

Agreement was reached on the settlement of the problems of the first type which were holding up demarcation in the following regions:

(i) Hilli.

(ii) Berubari Union No. 12.

(iii) Two Chit lands of old Cooch-Behar State adjacent to the Radcliffe line.

(iv) 24 Parganas district of West Bengal and Khulna and Jessore districts of East Pakistan.

(v) Bholaganj in Assam; and

(vi) Bhagalpur village in Tripura State.

To implement these arrangements, boundaries have to be demarcated on the ground, and boundary pillars erected. The field season for boundary demarcation starts in November. The State Governments are taking steps for demarcation of boundaries in accordance with these agreements There have been meetings between the Directors of Land Records of the two sides for drawing up programmes of demarcation.

The above also applies to disputes regarding basis of demarcation settled at the meeting in respect of the Assam-East Pakistan boundary along

stretches of the Surma river and the Piyain river.

Date for exchange of wrongly held areas, if any, will be fixed in consultation with the State Governments concerned after the demarcation work is completed.

No agreement was reached on differences in interpretation of the Radcliffe and Bagge Awards in case of two areas along the Assam-East Pakistan boundary and on differences in interpretation of the Radcliffe Award in case of four areas along the Punjab-West Pakistan boundary. In addition, there was a difference of view regarding the basis of demarcation along the India-West Pakistan border in the Cutch-Sind region. The Prime Ministers agreed to consider further methods of settling these disputes and specifically directed that, in regard to disputes about areas in the vicinity of Hussainiwala and Suleimanke Headworks of the Punjab-West Pakistan border, the Foreign Secretary of the Government of Pakistan and the Commonwealth Secretary of the Government of India should, in consultation with their engineers, submit necessary proposals to the Prime Ministers. No date for this meeting of the Secretaries of the two Governments has been fixed so far.

Agreement was reached on the second problem mentioned above and 15th January 1959 was fixed as the date for exchange of territories in certain sectors of the East Pakistan-West Bengal boundary, where demarcation has been completed in accordance with the Radcliffe and Bagge Awards. The Government of West Bengal have been advised to take necessary steps for the exchange of the areas in question by the due date. Necessary action is being taken by them.

Lastly, there was the question of enclaves. There are 123 Indian enclaves which are completely surrounded by Pakistani territory, and 74 Pakistan enclaves similarly completely surrounded by Indian territory. It is not possible for the local Governments concerned to have direct access to these territories. As this led to serious difficulties in administering these areas, this problem was settled by an agreement to exchange these enclaves. Implementation of this agreement requires legislation as exchange of territory is involved. Necessary steps to that end are being taken by the Government of India. No date for the exchange of enclaves can be fixed till the legislation has been enacted and the State Governments concerned have completed necessary preliminary arrangements to carry out the exchange.

The question of vacation by the Pakistani forces of their illegal occupation of Tukergram was taken up during the discussions. The Pakistan Prime Minister suggested that this should go hand in hand with the solution of the difficulties that had recently arisen in the Patharia Hill Forest area where the alleged Indian authorities had made similar encroachments and changed the *status quo*. It was finally agreed that the two Conservators of Forests and the two Chief Secretaries of Assam and East Pakistan should meet and decide the area to be exploited by each party in the Patharia Hill Forest area without overlapping on each other's areas. This will involve a temporary demarcation and will take into account *de facto* possession. Since the meeting of Prime Ministers, the Government of India have requested the Government of Pakistan to implement this part of the agreement. Correspondence has also taken place between the Governments of Assam and East Pakistan regarding the meeting of the officials to resolve the difficulties in the Patharia Hills Reserve Forest area. So far, no definite date for the meeting has been agreed to by the Pakistan authorities.

Shrimati Renu Chakravartty (Basirhat): May I just ask one thing? The hon. Deputy Minister has stated that the demarcation line between West Bengal and East Pakistan has been finalised. May I know whether this map or a detailed account of it will be laid on the Table of the House immediately so that we will be in a position to know exactly where our line ends and where their line begins?

Shrimati Lakshmi Menon: In the statement I have said that in certain areas demarcation has not begun in November. In certain areas we have finally demarcated.

Shrimati Renu Chakravartty: The demarcation between West Bengal and East Pakistan is final and the West Bengal Government has been advised to hand over the area. That is what I heard the hon. Deputy Minister to say. Before it is done, this House at least should know the map as it stands and what are exactly the portions that are going to be given because there are so many Char lands and nobody knows to whom they belong. Today they are in our possession; tomorrow they may be in somebody else's possession.

Shri Hem Barua (Gauhati): May I know why we have allowed Pakistan to hold Tukergram in ransom by force against a claim they have made in the Patharia Hill Reserves? We want a proper climate created for the correct demarcation of the boundary; but East Pakistan holds by force a portion of the Indian territory over which we had never given up our claim, that is Tukergram, only on account of their making a claim recently on the Patharia Hill area. Was it particularly discussed when the two Prime Ministers met?

Shrimati Lakshmi Menon: That is given in the statement.

Shri Hem Barua: There is nothing in it.

12.29 hrs.

BUSINESS OF THE HOUSE

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha): With your permission, Sir, I rise to announce that Government Business in this House for the week commencing 1st December, 1958, will consist of:—

(1) Further consideration and passing of the Parliament (Prevention of Disqualification) Bill, 1957, as reported by the Joint Committee;

(2) Consideration and passing of:

(i) The Himachal Pradesh Legislative Assembly (Constitution and Proceedings) Validation Bill, 1958;

(ii) The Assam Rifles (Amendment) Bill, 1958;

(iii) The Salaries and Allowances of Members of Parliament (Amendment) Bill, 1958;

(iv) The Representation of the People (Amendment) Bill, 1958; and

(v) The Delhi Rent Control Bill, 1958, as reported by the Joint Committee.

(3) Discussion on late running of trains to be raised by Pandit Dwarika Nath Tiwari on 2nd December at 2·30 P.M.

(4) Discussion on the present trends in the export trade of India and the state of the Textile Industry which contributes materially to that trade, on 3rd December, 1958 at 3 P.M. on a motion to be moved by the Minister for Commerce and Industry. This discussion will continue on

MOTION *RE*: INVESTMENT POLICY OF LIFE INSURANCE CORPORATION—*contd.*

Mr. Speaker: The House will now resume further consideration of the following motion moved by Shri Morarji Desai on the 28th November, 1958, namely:—

> "That the statement made by the Finance Minister in the Lok Sabha on the 25th August, 1958, regarding the Investment Policy of the Life Insurance Corporation of India, be taken into consideration."

Five hours were allotted and we have 2 hours and 44 minutes. We have a discussion to start at 2.30 and it relates to the report on the working and administration of the Companies Act Is it necessary to allow this motion on the Life Insurance Corporation leaving only a few minutes to stand over to another day? If we can sit and carry this on till 3 P.M. we can finish this and start the other discussion at 3 P.M. instead of at 2.30 P.M and carry on till 5.30

Some Hon. Members: Yes, Sir

Mr. Speaker: May I know who are all the hon Members who want to speak?

Some Hon. Members *rose*—

Mr. Speaker: So, Shri Dange, Shri Khadilkar, Shri Mahanty, Shri Ajit Singh Sarhadi, Shri Radha Raman and Shri Nathwani want to participate. Now, how many minutes does the hon. Minister propose to take for replying?

The Minister of Finance (Shri Morarji Desai): 30-40 minutes

Mr. Speaker: I will call him at 2.30 then I will call Shri Dange immediately after Shri Braj Raj Singh.

श्री ब्रजराज सिंह (फिरोजाबाद) अध्यक्ष महोदय, कल मैं यह निवेदन कर रहा था कि योजना के उद्देश्यों को पूरा करने के लिये जीवन बीमा निगम की पूंजी लगाई जानी चाहिये । मैं ने यह भी निवेदन किया था कि मकानों की समस्या देश की एक ऐसी समस्या है जिस की तरफ सरकार को जितना ध्यान देना चाहिये था उतना नहीं दिया गया है । और यदि बीमा निगम की पूंजी का हम बड़े पैमाने पर देश में गृह निर्माण की समस्या को हल करने के लिये इस्तेमाल कर सकें तो अच्छा होगा । मैं सुझाव देना चाहूंगा कि निगम एक तरह का हाउसिंग बोर्ड बनाये, चाहे सरकार से सहायता ले कर बनाये, उस की सलाह ले कर बनाये या खुद बनाये, जो कि विभिन्न राज्यों में इस समस्या को हल करने और गृह निर्माण करने के लिये काम करे और उस में अधिक से अधिक रुपया लगाये । मैं समझता हूं कि इससे न सिर्फ निगम को फायदा ही होगा बल्कि हमारी योजना का जो उद्देश्य है मकानों की कमी को पूरा करने का वह भी काफी हद तक पूरा हो सकेगा ।

योजना का एक उद्देश्य यह भी है कि जो छोटे गृह उद्योग धंधे हैं उन को बढ़ावा मिले, उनकी उन्नति हो, विकास हो, उत्थान हो । खास तौर से हम देख रहे हैं कि हमारे देश के देहातों की जनता जो है वह शहरों की तरफ बढ रही है । शहरों की आबादी बढ़ रही है । उसके लिये अच्छा यह होगा कि हम देहातों में ही कुछ इस तरह के उद्योग धंधे खोलें जिससे देहातों की जनता शहरों की तरफ न बढे । इसके लिये छोटे उद्योग धंधों का जितना विकास होना चाहिये, उन्हें जितनी सहायता मिलनी चाहिये, उतनी सहायता, हर सम्भव कोशिशों के बावजूद, सरकार की तरफ से नहीं दी जा रही है । मैं चाहूंगा कि बीमा निगम का जो रुपया है वह गावों में छोटे गृह उद्योग धंधों को खोलने में लगे जिससे इन कामों को मदद मिले, खास तौर से उन लोगों को गांवों में मदद दी जाय जिनके पास पैसा नहीं है और

[श्री बसैराज सिंह]

अपने कामों के विशेषज्ञ हैं और गांवों में उन कामों को करना चाहते हैं, लेकिन वह पूंजी न होने की वजह से उन को नहीं कर सकते। उनके लिये निगम की तरफ से कर्ज की व्यवस्था हो, न सिर्फ उन लोगों के लिये जो कि पालिसी होल्डर हैं बल्कि उन लोगों के लिये भी जो पालिसी होल्डर तो नहीं हैं लेकिन गारेन्टी दे सकते हैं और कर्ज को वापस देने के लिये अपनी दूसरी जायदाद को गिरवी रख सकते हैं। ऐसे लोगों के लिये भी निगम की तरफ से कर्ज देने की व्यवस्था होनी चाहिये जिस से हमारे छोटे उद्योग धंधे जो हैं वे पनप सकें। बड़े उद्योग धंधों से राष्ट्र की पूरी समस्या कभी हल नहीं हो सकती। हमारे देश में जो टेकनीशियनों की बढ़ती हुई भीड़ है उसको काम में लगाने के लिये बहुत ही आवश्यक है कि हम ऐसे उद्योग धंधे खोलें जिन में आदमियों के हाथ से ज्यादा काम हो सके, बजाय इसके कि मशीनों से ज्यादा काम हो। इसके लिये जरूरी है कि हम छोटे उद्योग धंधों को बढ़ावा दें, और उनको बढावा तभी मिल सकता है जब देश के पास जो बुद्धि है, जो विशेषज्ञ हैं, जो कामों को जानते हैं उनके लिये हम पूंजी की व्यवस्था करें। बढ़ई-गिरी का काम है, दूसरे हैं जो गांवों में चल सकते हैं, लेकिन उनके पास इतनी पूंजी नहीं होती कि उनको वे चला सकें। उन के लिये पूंजी की व्यवस्था होनी चाहिये, हां धन की सुरक्षा का ध्यान जरूर रक्खा जाय जो कि उनकी जायदाद को गिरवी रख कर हो सकता है। मैं समझता हूं कि इससे उद्योग धंधे भी पनपेंगे और लोगों को काम भी मिलेगा और इस तरह से हम योजना के एक बड़े उद्देश्य को भी पूरा कर सकते हैं।

इसी तरह से कल एक माननीय सदस्य ने सुझाव दिया कि जिला बोर्ड, नगर-पालिकायें और दूसरी जो स्वायत्त शासन संस्थायें हैं, जिनमें कि धन की कमी होती है, उनको भी कर्ज देकर निगम की तरफ से अगर उनकी योजनाओं को हम पूरा करा सकें तो यह एक सुन्दर चीज होगी। बिल्कुल स्पष्ट बात है कि जिला बोर्ड, जिला पंचायतें या नगरपालिकायें और इसी तरह की दूसरी संस्थायें हैं जिनको हम ले सकते हैं। वह जितना काम करना चाहती हैं, और जितना उनके पास अधिकार क्षेत्र है, उसे पूरा करने के लिये उनके पास धन नहीं होता है। करों आदि से जो आमदनी होती है उसमें से अधिकतर केन्द्र या राज्यों को चली जाती है। करों का क्षेत्र भी उनके पास इतना नहीं रहता है जिससे वह ज्यादा रुपया पैदा कर सकें, और इसलिये उनकी जो आवश्यक योजनायें होती हैं वे भी टल जाती हैं धन की कमी की वजह से। चूंकि यह अर्ध-सरकारी संस्थायें हैं इसलिये उन को जो कर्ज दिया जायगा उसमें रुपया मारे जाने का खतरा नहीं होगा। इसलिये मैं निवेदन करना चाहूंगा कि इन संस्थाओं की जो योजनायें देश के हित में हों, उन की पूरा करने के लिये निगम की तरफ से रुपया दिये जाने की व्यवस्था की जानी चाहिये।

एक और माननीय सदस्य की तरफ से सुझाव दिया गया कि सारे देश के लिये जो निगम की एक ही इकाई है उसे तोड़ कर पांच, छः इकाइयां कर दी जायें, पांच, छः जीवन बीमा निगम कायम कर दिये जायें विभिन्न क्षेत्रों के लिये। एक माननीय सदस्य ने यह भी कहा कि राज्यों में बीमा नियम कायम हों तो इस तरह से उनके क्षेत्र का भी विकेन्द्रीकरण हो जायगा और निगम का कार्य भी अच्छी तरह हो सकेगा। जहां मैं यह चाहता हूं कि विकेन्द्रीकरण हो कर निगम के कार्य में सुव्यवस्था पैदा हो, उसका अच्छा इन्तजाम हो और जो गड़बड़ियां पैदा हो जाती हैं वह न हों, वहां मैं इस सुझाव का विरोध करूंगा कि किसी तरह से निगम को फिर

तोड़ने की कोशिश की जाय । मैं जानता हूं कि २४० बीमा कम्पनियों को इकट्ठा करने में कितनी दिक्कत हुई और जब वे आज इकट्ठी हो गई हैं तो उनको फिर तोड़ कर राज्य स्तर पर ले जाना या क्षेत्रीय स्तर पर निगम का बटवारा करना देश के हित में नहीं है और बीमे के कार्य के लिये भी अच्छा नहीं होगा । इस से हम फिर कुछ दूसरी तरह की प्रवृत्तियों की तरफ जा सकते हैं जिनसे देश का नुकसान हो सकता है । मैं चाहूंगा कि निगम के कार्य में जो गलतियां हैं, कमियां हैं उनको दूर किया जाय । इसलिये यह कोशिश की जाय कि जो पिछड़े हुए क्षेत्र हैं, जो घबरा रहे हैं कि हम शहर के लोगों के लिये ही सब कुछ करते हैं, उनकी इन भावनाओं को दूर किया जाय । वह सोचते हैं कि बम्बई, कलकत्ता जैसे बड़े बड़े शहर के लोगों के फायदे के लिये निगम जनता का पैसा खर्च करता है । आज अगर लोगों के अन्दर यह दुर्भावनायें हैं, लोगों के दिमाग के अन्दर गल्तफहमियां है तो उनको दूर करने के लिये निगम को पिछड़े क्षेत्रों की दशा को सुधारने के लिये ज्यादा से ज्यादा धन देना चाहिये । उसको उनमें अपनी पूंजी लगानी चाहिये । लेकिन निगम का बटवारा करके, या उसे तोड़ फोड़ कर के, चार, पांच इकाइयां कायम कर के, क्षेत्रीय या राज्य स्तर पर निगम को कायम कर के जिस उद्देश्य को माननीय सदस्य पूरा करना चाहते हैं वह पूरा नहीं होगा, इससे तो उल्टी हानि ही हो सकती है । इस मामले में सरकार को बड़ी सावधानी से काम लेना चाहिये । इसलिये मैं चाहूंगा कि सरकार इस पर भी गम्भीरतापूर्वक विचार करे और जो गल्तफहमियां फैल गई हैं और जो इस तरह का विचार बन गया है उसको दूर करने के लिये जो पिछड़े क्षेत्र हैं और जहां पर धन की कमी है, वहां पर निगम अपनी पूंजी लगावे या जो ऐसे कार्य हैं जो जनता के हित में हैं और सम्पत्ति के अभाव में पूरे नहीं किये जा सकते उनकी ओर आम तौर से निगम ध्यान दे और उनमें अपना रुपया लगाये । मैं समझता हूं कि जो गल्तफहमियां हैं, जिनकी वजह से माननीय सदस्य को यह सुझाव देना पड़ता है, कि निगम को तोड़ कर उसकी इकाइयां राज्य स्तर पर या क्षेत्रीय स्तर पर बनाई जायें, वह इस तरह से दूर हो जायेंगी यदि निगम की तरफ से या सरकार की तरफ से स्पष्ट शब्दों में यह घोषणा कर दी जाय कि निगम का कार्य किसी विशेष क्षेत्र के लिये या किसी विशेष हित के लिये नहीं है । निगम का कार्य सारे देश की जनता के लिये है, उसका धन जो खर्च होता है वह सारे देश की जनता के लिये है । मैं समझता हूं कि स्पष्ट शब्दों में यह घोषणा कर दी जायगी कि जो काम निगम को तोड़ कर, या अलग अलग यूनिटें कायम कर के अच्छी तरह किया जा सकता है उस काम को एक निगम द्वारा भी वैसे ही किया जायगा । इस के बाद किसी भी तरफ से ऐसी मांग नहीं आयेगी कि उसको तोड़ कर राज्य स्तर पर या क्षेत्रीय स्तर पर यूनिटें बना कर काम किया जाय । इसलिये इस काम को हम आगे बढ़ायें । इस तरह पर काम न करें बीमा कम्पनियों कि लोगों में यह भावना किसी तरह आ जाय कि बीमा निगम जिस तरह से यूनिटें बना कर काम कर रहा है और काम को आगे बढ़ा रहा है, उसमें अति केन्द्रीकरण आ गया है, अवरसेन्ट्रलाइजेशन की भावना आ गई है । इस सम्बन्ध में एक यूनिट को कायम रखते हुए, इस उद्देश्य की पूर्ति करते हुए भी विकेन्द्रीकरण को और बढ़ाना चाहिये । मेरा विश्वास है कि यदि सरकार इस तरफ ध्यान देगी तो लोगों की गल्तफहमियां दूर होंगी और वे समझेंगे कि हमारे पास पालिसीहोल्डर्स का जो रुपया ट्रस्ट के रूप में आता है वह इस उद्देश्य की पूर्ति करता है । अगर हम इस तरह से करेंगे तो लोगों के रुपये की सुरक्षा की व्यवस्था करते हुए हम देश के जो उत्थान की योजना है, विकास की योजना है उस को पूरा करने में योग दे सकेंगे । यह बात ध्यान देने योग्य

[श्री ब्रजराज सिंह]

है कि जिस वक्त यह राष्ट्रीयकरण किया गया था बीमा कम्पनियों का, उसका एक उद्देश्य यह भी था, कम से कम मांग हमेशा से यह की जाती रही थी, कि बीमे के राष्ट्रीयकरण का एक उद्देश्य यह होगा कि उस से हम राष्ट्र के उत्थान में या पंचवर्षीय योजना में योग देने में सफल हो सकेंगे ।

जब किसी तरफ से यह आवाज उठाई जाती है कि इस निगम का मुख्य उद्देश्य यह है कि धन की सुरक्षा ज्यादा रहे और योजना के उद्देश्यों को पूरा करने के लिये उस रुपये को न लगायें तो मैं समझता हूं कि यह उचित बात नहीं होगी ।

इन शब्दों के साथ मैं निवेदन करूंगा कि योजना के उद्देश्यों को मुख्य रूप से पूरा करने के लिये जीवन बीमा का रुपया लगाया जाना चाहिये ।

Shri S. A. Dange (Bombay City—Central): Sir, life insurance funds and their investment has quite an interesting history and quite an interesting debate last year took place in this House. Now we are considering the question of the new policy statement made by the Finance Minister. There are, of course, one or two new features in it which are quite welcome; that is, the application of section 27A and the policy of allowing the Corporation to hold about 30 per cent of shares in a company, and if necessary more. But there are certain other features also in the statement which are not welcome, and the feature which is not very much welcome or, in fact, is positively an evil feature, I should like to mention at a later stage.

Now, investment policy, of course, is difficult to be judged unless you have concrete instances to find how it is being applied. When life insurance was nationalised, its management was handed over to those very interests who were not interested in nationalisation. Therefore, while in essence we allowed life insurance to be nationalised, in practice its funds were sought to be used for de-nationalisation or aggrandisement of private interest. That was quite natural, because if you nationalise a company whose vast capital was at the disposal of private operators to aggrandise their own profits or fortunes naturally they would feel bad about it, and if you hand over the management to them or their favourites naturally the result is bound to be what it was, as we saw it last year in the Mundhra affair and in the behaviour of even the officials who were concerned in that affair.

Just now I am not concerned here with the behaviour of the officers as such because we have yet, I think, to get the report on that matter; but, then, the matter of principle that arises out of last year's experience is that if you nationalise and if you keep that nationalised industry in the hands of those very people who suffer in their private interest because of nationalisation, then those people are bound to uproot and defeat your policy of nationalisation. Nationalisation has either to go ahead or it is bound to go back

Now, what will be the fate of life insurance finance under this policy? Two or three questions arise. We took over life insurance in our hands under the plea that it should help national development; funds whose total assessment is about Rs. 400 crores, which were for so long in the hands of private capital and were sometimes not used very well even for the development of industries, should be utilised now for national development. National development complains that it is short of internal finance also, and this is one of the biggest sources of internal finance. Therefore, the primary claim on investment of insurance funds is of national development But, sometimes a fear is expressed and a sort of contradiction posed that

the interest of policyholders might run counter to the interest of the community and national development. If such a contradiction and fear is posed, I think it arises out of wrong conception of what nationalisation itself is. Once you nationalise a certain concern its safety is coeval or coequal to the safety of the State itself and the economy of the community itself. If the economy of the whole State or the community goes wrong or is going wrong, there is no question of posing a contradiction between the economy of the policyholders and the State. When the whole economy goes wrong, whether private or national, everything goes wrong. Therefore, there is no such thing as protecting either the interests of policyholders or the interests of the community, and if one is in danger it cannot be said, let the common interest be set aside but let the policyholders' interest be protected; such a contradiction cannot be posed in respect of any nationalised sector of economy. Therefore, Sir, there is no such contradiction

What I would insist is that in the application of the policy, prime attention must be paid to the development of the national sector and the funds of insurance must be primarily used for that purpose. This should be an overriding law in that policy. Now, somebody might say that the very fact that 50 per cent of the funds are held in gilt-edged securities and 35 per cent in approved securities guarantees to us the observance of that policy; that is, major part of these funds are used for national development. Yes, in principle that is so; but I hope greater care would be taken in the application of that principle.

For example, last year when we discussed life insurance there was an occasional mention of Jessops in which we have acquired interests. We should like to know from the statement as to what is happening with regard to Jessops which, the other day, in the last year's debate, I called a 'gold mine covetted by so many interests'. We were told that the suggestion that Jessops should be taken over completely is worth considering. What has happened to that? The policy certainly is not enunciated by the Finance Minister only the other day; the policy as he has enunciated has been in existence for some time, and there was a suggestion that taking over Jessops completely would be worth consideration. I would ask, has that policy been applied to Jessops?

Secondly, we have acquired control over B I C. How is the policy functioning in its application to the British India Corporation? We are having quite a lot of trouble in its management, but worse than the trouble in the management is the trouble of closing down of certain factories of the B I C Where does our policy of life insurance funds and their utilisation come in when the B I.C closes down a whole mill rendering about 3000 or so people unemployed and the Corporation is just looking on and trying to wage a battle of directorship? I would like to know whether this new policy would intervene and see that the L I C funds which here stand in contradiction to the interests of employed workers in B.I.C. cotton mills do not do so? How will they harmonize the two, protection of the funds in the B I C. as well as the management of the mill, its re-opening and entering into production and giving employment? All these matters will have to be considered when we apply this policy of utilising the L I C. funds We cannot simply say that Government will direct only the policy of investment that what happens to the invested funds and concerns and how these concerns run by these investments is not the concern of the Government. Such an approach, I think, would not be quite correct.

Therefore, I should have liked that a statement should be laid on the Table of the House as to the companies in which the L.I.C. holds at present its investments and the number of shares and the percentage of

[Shri S. A. Dange]

interest, so that this House, when it considers the policy, can also consider its concrete application and find out whether that application itself is correct or not. Merely an abstract statement of policy would not help us in judging the actual results of that policy which will come to us afterwards. They may be good or bad, but before they are finally presented to us, we should have some idea of the predilections or considerations. Therfore, I would plead with the hon. Finance Minister to put on the Table of the House the list of concerns in which the L.I.C. funds have been invested and the percentage of the total shares that have been taken.

The other point I would like to mention is that of the fear of backdoor nationalisation. What is feared is that good concerns in which the L.I.C. has got some holdings might be completely taken over by the L.I.C. in the interests of national development and in the interests of the policyholders and private owners might lose their rich ground of reaping easy profits. The theory of backdoor nationalization only means that: that the L.I.C. might so advance in its holdings that it may take over the best of the concerns that are still held by private owners in partnership with the L.I.C Now, on this backdoor nationalization, when it is being denounced, it is sought to be said as if that word 'backdoor' shows that it is immoral I do not think it is immoral at all. The L.I.C. had got 10 per cent shares and it can make them 30 per cent. It could make them 70 per cent or even a hundred per cent. What is wrong? Why not take them over, and in certain concerns it is absolutely necessary that it should be done.

For example, I think I can refer again to the Jessops. Jessop Company is earning all its profits, has doubled its block value and its assets, on the basis of what? On the basis of Government orders for manufacturing wagons, cranes for the Calcutta port, road-rollers and so on. That is what Jessops are doing, Therein, the L.I.C. funds have been invested, and it is this investment plus the other investments which are reaping profits on the basis of State orders, orders that are to develop the Five Year Plan. Why should profits arising from State orders for building up of the State Plans be reaped by private investors in the Jessops? Why should it not be bought over? And if 30 per cent or even 10 per cent of the shareholding is extended to hundred per cent, is it backdoor nationalization? Is it immoral? It is not. In fact, it is immoral to allow private capital to reap profits on the basis of exclusive State orders where in the development of the Plan and the development of the economy of the country are at stake.

What kind of management is taking place there? Even the Government herein is responsible. The Government and the L.I.C. policyholders own the L.I C funds; and they are invested m Jessops. How are the Jessops treated by the Government itself? I will read a paragraph here

> "The purchases during the year 1956-57—it appears that Government imported road-rollers from abroad to the value of 32,41,000, over double of what it spent on the indigenous article. I believe that for this expenditure abroad, Government procured about 100 rollers On the other hand, if we had obtained the same amount of foreign exchange, we could have imported all the components ..."

and that is important—

> ".. .all steel, to allow to us to make an additional 140 rollers besides those who we actually turned out. We could have provided India with 40 per cent more rollers for the same foreign exchange and we could have kept our workers fully occupied instead of half-employed".

There are references to Government and quasi-Government orders, such as of the Railway Board and so on, for wagons, cranes, etc. Everybody knows what Jessops say. If the Government directs the LIC that all the shares of Jessops be acquired, why should private capital be allowed to shout against it and if it does, what will this policy statement do? What will be the net effect of this policy statement in such a case?

I am again, therefore, raising the question: what is the concrete application of the policy? My submission is, and my request is, that the Finance Ministry and the Government of India should direct the L I C. to take over the Jessops and such other concerns which primarily function for the development of the Plan, which primarily base their activities on orders from the Government and which primarily are meant for safeguarding the economy as a whole. Therefore, the cry of backdoor nationalization should not frighten us from taking over some of these concerns by increasing our holdings in these companies.

It is a very strange thing to hear some people shouting against backdoor nationalization I wonder if many of the hon. Members here know that backdoor denationalization is taking place inside this very House, and there is no protest about it. I am referring to the policy being enunciated by a Committee of which I am a Member myself, the Estimates Committee. It is asking for handing over to private enterprise certain things which should not be handed over, and yet there is no protest about the backdoor denationalization. They are saying that oil should be allowed to be owned by private companies; that oil refineries should be handed over to private hands and that certain things could be given over to private management. It is even claimed that the Prime Minister should not be a Member of the Planning Commission and that otherwise planning will go wrong.

This backdoor denationalization is being suggested through the Estimates Committee and there is not protest, but when we suggest that nationalization of a company like Jessops should take place, there is an uproar and a furore, and nationalization is being run down by some people in the name of socialism itself or the Labour Party socialism of Great Britain. So. . .

Mr. Speaker: Now that the hon. Member has referred to the Estimates Committee, which is a Committee of the House, I feel that in such extraordinary matters, where any hon. Member who is a Member of that Committee feels that some matter ought to be discussed in the House as a whole, he should kindly draw my attention to it. I shall then see whether, consistent with the purpose for which the Estimates Committee exists, an exception can be made in favour of particular matters where the opinion of the House as a whole is necessary.

Shri S. A. Dange: Its report has been published. That is why I referred to it.

Mr. Speaker: I also looked into it.

Whatever policy has been laid down by the House, the Estimates Committee has to look into the estimates consistent with that policy. But the Estimates Committee also can say that a particular policy has worked or has not worked, in comparison to the policy that has been laid down by the House. If a certain estimate involved a policy not contemplated originally, it is open to the Estimates Committee to say "This has involved us in this difficulty and an alternative one could be adopted" etc., always of course keeping it in mind that of their own accord they might not suggest a policy which does not arise out of any measures. That may be adopted. There must always be the background of some economy, independently, when an examination of such a measure is made. No policy laid down by the House ought to be attacked by the Estimates Committee. Such matters may be brought to my notice and I will consider whether anything has to

[Mr. Speaker]

be brought up before the House as a whole or not.

Shri Jaipal Singh (Ranchi West—Reserved—Sch. Tribes): May I submit one point in this connection? I think the mention of this subject ought to be completely out of order, because, by convention, we do not state how many Members were for the proposal and how many Members were against it in all our Committees. That is not done. The hon. Member has said that nobody has protested.

Shrimati Renu Chakravartty (Basirhat) I also, as a new Member of the Estimates Committee, want to know this. For instance, a policy has been laid down by this House. Take the case of the Industrial Policy Resolution. Estimates Committee after Estimates Committee reports on the matter, and the reports come before this House. But actually we are making recommendations which go absolutely counter to the policy resolutions. These are economic matters. They are affecting our economy. In such matters do we have a right to enunciate a policy which is completely contrary to the one which has been laid down by the House? This is a matter which has worried me for a long time.

13 hrs.

Shri S. A. Dange: You know, Sir, that on this question I myself had approached you saying that certain things are being done with which I did not agree, because they are matters of policy laid down by the House. But under the rules I have no right to write a minute of dissent, though I sent one. Then you agreed to give consideration to that matter. but nothing came out of it later on. In fact, I was informed by the Lok Sabha Secretariat that I had no right to append a minute of dissent. Then I did not know what to do, because this is a matter affecting the policy laid down by the House.

Mr. Speaker: There appears to be some confusion over this matter.

First of all, so far as the point raisod by Shri Jaipal Singh is concerned, as to whether it is open to any hon. Member who is a Member of the Committee to say that so many voted for and so many voted against. ...

Shri S. A. Dange: I never said so.

Mr. Speaker: ....Shri Dange never said that. He only wanted to say that he was of a particular view. That is why I sugested to Mr. Dange and other Members of the Committee that wherever they differed they may bring it to my notice. It is true that Mr. Dange brought it to my notice and asked whether he had the right to append a minute of dissent.

I looked into all the precedents of the House of Commons, but there is no precedent to allow a dissenting note to the reports of the Estimates Committee. The practice which they adopt, and which I suggested to him, is that in the minutes of the proceedings, which are printed and circulated, the dissenting opinion will find a place. It is always open to a Member of the Estimates Committee to state what exactly he feels if he does not agree with a conclusion of the Committee. Then it will be recorded in the minutes. There is no difficulty about it, and expression of opinion is not shut out. The minutes of the Committee where these are embodied are laid on the Table of the House.

Then there is the other point raised by Shrimati Renu Chakravartty. This matter was also brought to my notice by an hon. Minister who said that it was not open to the Estimates Committee to go into a question of policy. The Estimates Committee has no

independent right to go into a policy or criticise a policy laid down by Parliament. The Committee is bound by any policy laid down by Parliament and can only examine the estimates in relation to that policy. Beyond that it has not got any right to go. If, however, in the examination of the estimates, it is found that that policy, however well-intentioned it might have been at the time it was made, has worked somewhat to the detriment of the country, so far as economic matters are concerned, it can say that this policy has worked to this extent. But unrelated to economy no policy decision can be examined by the Committee.

The Committee is primarily interested in checking the estimates and suggesting economy. If it appears that a particular policy has worked to our detriment, there can be alternatives and it can make a suggestion But unrelated to economy or financial matters no policy decision can be commented upon by the Estimates Committee and it is not right that the Estimates Committee should go into it

The Direction on this subject, No 98(3) says—

> "With regard to clause (b) of rule 310 the Committee shall not go against the policy approved by Parliament; but where it is established on evidence that a particular policy is not leading to the expected or desired results or is leading to waste, it is the duty of the Committee to bring to the notice of the House that a change in policy is called for. The fundamental objectives of the Committee are economy, efficiency in administration and ensuring that money is well laid out; but, if on close examination, it is revealed that large sums are going to waste because a certain policy is followed, the Committee may point out the defects and give reasons for the change in the policy for the consideration of the House."

This is a policy laid down by the House. The Committee may feel that a change of policy might be necessary in certain respects. But if it is not related to economy, it does not arise and it has no right to suggest a change of policy. But if it is intimately connected with economy and if it finds that it has led to wastage, or economy can be effected, it may make a suggestion to the House.

Shrimati Renu Chakravartty: May I take it that such matters where policies are laid down by the House should not be got over and that such matters should be open matters of discussion by the House?

Mr. Speaker: There is no question of supporting or getting over any policy that has been laid down by the House. It is always open to the Committee to go into matters of economy. If m matters arising out of economy it is found that in the implementation of that policy certain difficulties arise or wastage results, the Committee can go into that policy

But independently of economy a matter of policy ought not to be touched by the Estimates Committee.

After the Committee has made its report it is always open to Members to utilise it in the course of discussion. But I have always felt that if the reports of the Estimates Committee are brought up here for discussion and decision, sometimes Government may agree or may not agree with the recommendations of the Committee and we will only be throwing the doors wide open for Government, if they so choose, to avoid implementation of the recommendations of the Committee. That is the danger we anticipated and therefore we decided that on what the Estimates Committee in its wisdom after careful scrutiny has come to a decision we should not allow any discussion here. Of course, indirectly it can be used for one purpose or another.

Shri Khadilkar (Ahmednagar): May I seek clarification on a point? The Estimates Committee may, in the course of examination find that a particular policy in the process of implementation may have led to wastage or inefficiency. If you study the reports—I have been on the Committee for the past eighteen months—you will find it pointed out that the nationalised concerns are less efficient or economical in their day to day working and if an attempt is not made to improve their efficiency or effect economy it is a dangerous thing and would undermine the general policy resolution which has been accepted by Government. What I suggest is that the limitations placed by this are not operated in a proper manner.

Mr. Speaker: We have already accepted the principle of democracy and socialist pattern of society. As at present advised, I do not think the Estimates Committee should go into the question of nationalisation *versus* private enterprise.

Shri S. A. Dange: Indirectly it has gone.

Mr. Speaker: If it does so, it will be going too much out. It is only a question of stating when, how and by what stages we shall completely nationalise, or achieve the socialist pattern of society which has been accepted by the House. It is no good bringing in the question of private enterprise *versus* public industry and suggesting that it will be better to give it into the hands of the private industry. Of course, some people may be under the impression that if we give the whole Government into the hands of one or two people, it will be better. There is no end to it. This is too big a matter for the Estimates Committee or any other committee. That is something which we have accepted.

Shri Morarka (Jhunjhunu): I would submit that the criticism from the hon. Members against the recommendations or the attitude of the Estimates Committee is not very fair. I was myself a member of the Estimates Committee for more than 2½ years. If you will kindly go through the report and the recommendations, there is not a single recommendation which is inconsistent or not in line with the policy laid down. Mr. Dange referred to the oil refineries. Even the Industrial Policy Resolution itself permits co-operation with the private sector. All that the committee said was that this question should be examined. If you kindly go through the recommendations, you will find that the criticism, particularly that made by Mr. Khadilkar, that the committee is trying to do this and that is not very fair.

Mr. Speaker: Let us stop further discussion. I always believe that our Estimates Committee, consisting of 30 Members is always in the right. That is my impression and there is no doubt about it. Nobody need criticise the Estimates Committee directly or indirectly. That is why I submitted to hon. Members here for consideration that if there is any difficulty, they may bring it to my notice. Mr. Dange brought it to my notice and I suggested that if differences of opinion are included in the minutes of the proceedings of the Estimates Committee, the House will be apprised of the situation. As regards the oil refineries, etc., we do not have all the recommendations before us. So, I think unless the House is satisfied to the contrary, we will always accept that the Estimates Committee is right.

Shri Jaipal Singh: I hope it is not minutes of dissent that you have permitted.

Mr. Speaker: No. I said, differences of opinion may be included in the minutes of the meeting.

Shri S. A. Dange: I was just pointing out....

Mr. Speaker: I do not say one way or the other now.

Shri S. A. Dange: I do not take it as your approval to debate it now. But I will make a request. For the attention of those who emphasise so much on back-door nationalisation, I suggest that there is a danger of back-door denationalisation also. So, we should be rather cautious about this. That is all I was saying.

There is one more matter to which a reference should be made. That also is a matter of fundamental policy, namely, the question of the relation of the L.I.C. with the stock exchange. On this matter, I am sorry to see that the policy statement of the Finance Minister is true to the old policy. There is nothing new in it. In fact, the dangers that we had anticipated and which we thought would have been removed in the new policy statement are still inherent in the statement.

For example, the funds of nationalised insurance should in no case be available for operations in the stock exchange. Stock exchange operation have nothing to do with national development, planning or socialism. I was surprised to see my friend Shri Asoka Mehta, supporting stock exchange operations in the name of socialism. Whatever it may be, there is a standing quarrel between his socialism and mine and so, there is no use expressing surprise over it. But that Shri Morarji Desai should agree to allowing even some portion of the L.I.C. funds to be used in the stock exchange is shall I say surprising or shall I say quite natural? Of course, formerly, when the stock exchange was being helped by the L.I.C. funds, at that time, there was no claim by the L.I.C. people that it was being done in national interest. The interest turned out to be that of IISCO or some other company. But in the new statement, it is said that the policy should be "Sell in boom and buy in depression". That is the simple rule of all speculators; there is nothing special about it. That is exactly what Messrs. Vaidyanathan, Patel and Mundra tried to do one way or the other and got into trouble.

This policy is put in these words:

> "The national interest would be served by evening out the fluctuations in the stock market".

I say that national economy has nothing to do with the stock exchange. Any index of development or depression in the national economy is not necessarily reflected in the stock exchange. Sometimes they are, but sometimes the stock exchange collapses due to the operations of a very imaginative speculator and it has nothing to do with the boom or depression. Even though he has no share, he just goes on selling what is called bogus sales and the stock exchange collapses. Is it the intention that at such a time the L.I.C. should come in and support the stock exchange, saying it is in the national interest? If a bogus operator in the exchange says that the Tata shares have come down from 300 to 100, Jamshedpur is not going to collapse. The operator will collapse. Jamshedpur will produce iron, whether Tatas shares are quoted at 100, 200 or 1,000.

Shri Morarka: If the prices of Tata shares come down from 300 to 100, what is wrong in buying them?

Shri S. A. Dange: I am not saying about buying or selling, but the words are "evening out fluctuations".

Shri Morarji Desai: It is indirectly used. It is not direct. That is the incidental effect of it. My hon. friend is very strong on the stock exchange. It is his old pet theme.

Shri S. A. Dange: It is an old cancer on the economy and you continue to have the cancer. That this evening out of the fluctuations is in the national interest is supported by praja-socialism in the bargain. (*Interruptions*). So, I would say that this question of evening out of fluctuations in the stock exchange should not find any place in our policy of utilisation of L.I.C. funds.

[Shri S. A. Dange]

The other point I would like to mention is that it should be a matter of policy for us to direct that the LIC funds also should be used particularly in the interest of its own employees. What is wrong in that? For example, the housing of employees is not at present supposed to be the responsibility of the LIC. Will that be made a responsibility of the Corporation? I think it should be. I do not think the policy is such that the hon. Finance Minister will have any opposition to such a thing.

Of course, he made a statement, I am told yesterday, that it is a policy not to give bonus in nationalised concerns. I think that policy also should be changed The employees are also a factor in developing national economy. I hope he will accept that

Shri Morarji Desai: It does not arise out of this

Shri S. A. Dange: It is a question of the investment of LIC funds LIC funds are invested in mortgages and loans on properties.

Mr. Speaker: About the granting of bonus, it was said in the Question Hour yesterday that instructions have been issued that no bonus shall be paid as a matter of policy This policy statement does not refer to that.

Shri S. A. Dange: I am only referring to the attitude of utilising the surplus. I am just making a statement that the LIC funds should be utilised in building houses for the employees. That property is L.I.C property, and that is a method of investment in property. At present Rs. 18 crores or so are invested in mortgage and loans on property. Let some Rs. 2 crores or 3 crores be added in the way of building houses.

Shri Morarji Desai: They are building.

Shri S. A. Dange: Very good. I think the speed should be expedited. That would be better. Secondly they should pay greater heed to the remarks of the employees without any anxiety that that might affect the investment of the LIC or its development. These are the points I wish to make. Nationalisation through investment....

Mr. Speaker: May I ask for a clarification? Is it the policy of the LIC now to build houses for letting out to various people? I understand there is a 14 storey-building in Madras. What are they going to do with it? Is the LIC going to continue the policy followed by its predecessors? Is it the proposal to build houses for letting out and carrying on business?

Shri Morarji Desai: I do not think that is the policy of the LIC. Wherever there is any house to be let, they do let it That is the policy. They have set apart about Rs. 3 crores, I believe, for housing societies.

Mr. Speaker: Personally they do not build houses?

Shri Morarji Desai: They also build where it is necessary.

Shri V. P Nayar (Quilon): That is for office purposes.

Shri S. A. Dange: The LIC at present is not very clear on this question, because as a legacy of nationalisation it has also inherited the open plots of land. The question is what to do wish the open plots Are we going to develop them? For that they have started an engineering department. Why should they not now start another department for housing. I hope he will, I do no know. They have open plots. An engineering department has been started to develop those open plots. When they have a department to develop those plots could they not have another department to build houses there? But I do not think it is the policy of the Government.

Therefore, in conclusion I would say that the policy statement is not in consonance with the general policy of nationalisation adopted by this House, and this statement especially in its relation to linking up LIC funds with stock exchange, is a dangerous policy If these corrections are made, then I am sure the policy statement would be very much welcome The third thing I would request the hon Minister to do is, as I said at the beginning, to give us a list of all those companies and properties in which the LIC funds are being invested at present

Mr Speaker I will call on the hon Deputy Minister Then I will call Shri Mahanty and then the hon Minister

Shri Tyagi (Dehra Dun) Before you call the hon Minister, I want to put some questions so that he can reply I want to know what is the policy of Government with regard to control of the concerns of which the shares the LIC buys I am not in favour of complete control, but we must have representation in the management Suppose you have 15 per cent share of any concern How do you participate in the election of the managing director or the management? Do you have any voice or not?

Shri Morarji Desai: They do not participate in the management or take control of them unless it is found necessary to safeguard the interests of the investments of the LIC

Shri Tyagi: Then are proxies issued in the names of persons?

Shri Morarji Desai: Ordinarily they do not take part in that

Shri Tyagi: Why should they not take part?

The Deputy Minister of Finance (Shri B. R. Bhagat): Mr Speaker, both yesterday and today the debate went on and one gets the impression that by and large the policy statement about the investments of the LIC has got the support of the House Even the voice of disconsonance expressed in certain matters by the hon leader of the Communist group in this House was as it appears to me, a bit half-hearted, because he ended by saying that if some amendments are made, the policy would be a very welcome one So, what he expressed was largely about the question of what he described as de-nationalisation He said a process of de-nationalisation is going on as a result of the policy of the LIC I wonder what he meant by that because he did not substantiate it

Shri S A Dange I said about the Estimates Committee

Shri B R Bhagat Later on he went to the Estimates Committee Anyhow, I am glad that he said that as a result of this policy there is no process of de nationalisation

13 25 hrs

[PANDIT THAKUR DAS BHARGAVA *in the Chair*]

That is also my impression and that is the impression of the House too I am glad that he confirms it But there have been certain points or suggestions made by some hon Members which, so far as the Government is concerned, we welcome And I am really very satisfied that the whole debate has been a very constructive one and thrown out very useful suggestions

The hon Dr Krishnaswami, who spoke in the beginning, referred to certain statements to be made to the House showing the geographical distribution of the investments during the last two years This needs compilation, and I assure the House that we will try to collect the information and would place it before the House. He made another suggestion, which was supported by some other hon. Members too, that six-monthly reports should be prepared about the

[Shri B. R. Bhagat]

investments of the L.I.C. This will also be considered.

Another suggestion that was thrown out by certain members was that local advisory bodies should be formed to help the LIC, particularly with regard to their investments and that various industries shou.d be represented there. Similarly, another suggestion was made that the present investment committee should be more broad-based. Because, a complaint was made that the investment committee, as it is constituted, does not represent all sectors and does not possess an intimate knowledge of the capital market in the country. These are suggestions offered in a very constructive spirit and they will be looked into.

Another point that was made was about the problem of diversification of the investments of the LIC. It is a very moot point, and even the policy statement made by the Finance Minister says that the investment policy should not have any parochial view So, there is no disagreement about this. The only question is how to implement it. Even today the investments of the LIC runs over a large number of companies. So far as the industries are concerned, investments are made in almost all the important industries, including banks. It is a point worth considering how far the investments should be regionally distributed. We have the various zones of the LIC, and a point was made that whatever accrued to a particular zone should be invested in that zone itself. That would be a very rigid approach, but it can be accepted in principle that the investments should be diversified, both as regards the industries as well as the regions. But the primary consideration which a body like the LIC should have in view is the safety of the investment—whether the investments are sound ones or not. So, any question of diversification in one region or various regions must primarily satisfy the condition that the shares or stocks in which the investment is to be made are sound ones and conform to section 27A. If they are approved securities, certainly this question of diversification can be looked into. But that point has to be borne in mind.

Then a point was made by the hon. Shri Asoka Mehta about the investments in the various categories. He said, and some other hon. Members also said, that investments in Government securities has fallen whereas in the private sector it has gone up. I have a statement before me which has been compiled which shows the investments in the category, public sector. Before nationalisation, we had some companies which were foreign companies and some of their investments were made in foreign countries. If we take it separately, the investments in the public sector, in India today, that is, 30-9-1958, amount to Rs. 273·18 crores, that is about 70·1 per cent, which is ·51 per cent more than what was invested in India in the public sector before nationalisation. What has happened is that investments in the public sector in the countries outside India has gone down obviously because some of the foreign companies do not exist now. That has gone down from Rs. 12·09 crores to Rs. 7·03 crores, that is 1·6 per cent. That has brought down the total percentage of the public sector. That does not give a true picture. Actually, so far as India is concerned, investment in the public sector has gone up.

Shri Bimal Ghose (Barakpore): May I ask one question? The policy statement said that it should be 50 per cent. Is it the hon. Minister's contention that it will never go below 70 per cent? What is the hon. Minister driving at? It has not fallen, and it will not fall in the future also?

Shri B. R. Bhagat: I do not know about the future. I was only trying to explain the misconception that seems to exist *viz.* that investment in

the public sector has gone down. It has not gone down That was the simple point that I was making Some hon Members referred to loans.

Shri Dasappa (Bangalore): May I ask a question?

Shri B. R. Bhagat: I am going to the next point Some hon Members said that the LIC should make investments in mortgages of real property Shri Asoka Mehta said that in other countries, insurance companies play an important part in the housing programme and development of real setate Unfortunately, with the bad experience of the LIC which it has inherited from various companies, it has to engage itself in a large number of cases of litigation about the bad mortgages that it has inherited Already, there are about 3435 mortagage loans aggregating to Rs 13½ crores and over 400 suits have so far been filed for the recovery of the dues under these mortgages It is likely that we may have to file another 200 suits for their recovery It is not as if in principle that the LIC is opposed to it At present, the LIC's hands are too full with all these suits and legal complications But, in view of the strong views expressed in the House and the urgency of the housing problem, particularly in the urban areas, we would ask the LIC to give this matter its most earnest consideration towards reviving a facility which was all along available to the public and to the policy holders

Shri Bimal Ghose: Here is a letter to a gentleman from the Acting Managing Director, Shri Srinivasan, that mortgages were not being granted as a matter of policy Am I to understand that that is not true?

Shri B. R. Bhagat: Policy for the present

Shri Bimal Ghose: Why say, for the present.

Shri B. R. Bhagat: I am only stating the difficulties with which the LIC is faced today I will ask the LIC to reconsider this matter

This leaves me what the last point which has been raised by a number of hon Members, Shri Bimal Ghose, Shri Rameshwar Tantia and others, who said about the propriety of raising the limit of equity holding of the Corporation from 10 per cent to 30 per cent They said, it is on the high side and fears of what is now more popularly known? as backdoor nationalisation have been expressed I am sure, the Finance Minister, when he winds up the debate, will deal with this larger question of policy As the Prime Minister said some time ago, he is opposed to any backdoor methods—even nationalisation by backdoor methods I can assure the hon Member Shri S A Dange that we are opposed also to backdoor denationalisation methods The present Government does not believe in backdoor methods If they want nationalisation, they will come to the house and ask for a policy of nationalisation with respect to a particular industry or a firm We are opposed to any backdoor policy, whether of nationalisation or de-nationalisation But the fact remains that there was a change or modification in section 27A with respect to its equity holding The increase in percentage from 10 to 30 was caused firstly because of the inheritance of the Life Insurance Corporation. The L I C with 240 companies, found itself overnight with percentages of holding in many companies more than 10 per cent So it was necessary to resort to the modification Secondly, the more important consideration that weighed with the Government was that the flow of funds to the private sector should not be reduced. I think it is a well-known fact that while the Insurance companies were nationalised, the then Finance Minister made a statement in the House assuring the private sector that the same proportion of money, the same amount of funds could be made available as they were having at that particular juncture If this percentage

[Shri B. R. Bhagat]

was kept at 10 or if it is less than 30, what would happen is, the L.I.C's holding in many companies would have to be reduced, with the obvious result that the funds available out of L. I. C.'s investible funds will be much less than what they were just at the time of nationalisation. For these two considerations, one of practicability and the other, the assurance given by the then Finance Minister, it was necessary as a practical measure to raise this equity holding from 10 to 30 per cent.

With these words, I submit, I am grateful for the general support that the policy has received and as I said, the larger questions of policy will be dealt with by the Finance Minister when he winds up the debate?

Shri Mahanty (Dhenkanal): Mr. Chairman, Sir, the policy or lack of policy of the L. I. C. investments sparked a keen interest all over the country and it nearly touched off a ministerial crisis in connection with the Mundhra deal.

It was rightly so. Here is a Corporation, a monolithic body which combines in itself 240 private companies which can invest at the rate of Rs. 50 lakhs a week. Therefore, the policy of the L.I.C. obviously is a matter not of political partisanship, but of great national and ecomomic importance. If we look at the genesis of this matter, we come to the painful conclusion that this Government which has been wielding such a powerful influence, in the public sector is singularly incompetent to run this sector. I will come to that later. Before I do so, I would like, in all humility, to submit before the hon. Minister that now, his position, to me, is just like that of a person who has been rubbing the lamp to produce a genii and what has been produced after all these two years is an anaemic dwarf. It leads us not much farther from section 27A of the 1938 Act.

It is being said that this section has stood the test of time, but in all humility I submit that times have changed. It is no good waking up like a Rip Van Winkle after a Minister was sacrificed on the altar of public resentment, after much aspersions were cast on the LIC, and saying that section 27A of the 1938 Act has stood the test of time. Therefore it is high time we also incorporate it in some way or other, by way of regulations or by notifications.

As I said, this is a very sad commentary on the capacity of the Government to run the public sector to the best advantage of the community.

Public memory is proverbially short. On 23rd May 1956 this matter came up before the House, and any number of Members had pleaded that certain principles should be laid down which should govern the investment of the LIC funds. At that time a very strong case was made that section 27A should be incorporated in the L.I.C. Act, but the then Finance Minister, Shri C. D. Deshmukh, said that since the Government were the approving authority, they needed no such approval Even though the rulers could not be ruled, the rulers had to be ruled by certain principles; otherwise, the rule would be chaos, the rule would be anarchy—and that we have seen, how anarchical conditions prevailed, how persons at the top of the administration had not even studied the Act. That was the pitiable, candid confession of Shri Kamath before Mr. Justice Chagla.

So, Shri Deshmukh had said, and the Congress Party had swallowed it. that since the Government were the approving authority under section 27A of the Act, they need not have a separate section. Certain regulations certain notifications, certain rules could be prescribed under section 432

of the L I C Act. But that has taken them so long. They had to wait for the sacrifice of one of their colleagues They had to wait for a great controversy to rage They had to wait for a great aspersion to be cast on the L I C and then the matter did not end there On 20th February this year the hon Prime Minister gave an assurance to this House that the notification would be laid on the Table "soon", but it took six months thereafter for the notification to be prepared and laid on the Table

After all, when we look at the notification, what is there? As I have said, these modifications are not only unsatisfactory in many respects, they also raise many questions which I hope the hon Minister, in his wisdom, will try to answer

Under the old Act 25 per cent was to be invested in Government securities, another 25 per cent in approved securities and the balance 50 per cent was to be invested in approved investments, investments which stood the test of section 27A What do we find in the present modification? We find that 50 per cent is to be invested in Government and approved securities, 35 per cent in approved investments, approved investments which will stand the test of section 27A with slight modifications here and there, and the balance 15 per cent in other investments I would like to know from the hon Minister what is meant by other investments Fifteen per cent is not a very small sum

Shri B. R. Bhagat: It is 35 and not 15 per cent

Shri Mahanty: I said 50 per cent is to be invested in Government and approved securities, giltedged securities etc, and 35 per cent in approved investments which will stand the test of the modified section 27A, and the balance 15 per cent in other investments This document which has been circulated has not mentioned what principles should govern these other investments Fifteen per cent is not a very small sum We would like to know if the L I C had in their view other Mundhras who could also be patronised by this 15 per cent I am sorry a document of this nature is not as comprehensive as it was expected to be

It is not merely this 15 per cent There is also another 5 per cent about the investment of which we are concerned Under section 28 of the L I C Act of 1956 there is a provision that after retaining 95 per cent of the surplus which will be declared by the actuary for the policyholders, the balance 5 per cent is to be invested I better read out the section

> "If, as a result of any investigation undertaken by the Corporation under section 26, any surplus emerges, not less than 95 per cent of such surplus shall be allocated or reserved for the policyholders of the Corporation and the remainder may be utilised for such purposes and in such manner as the Government may determine"

Under Chapter VI of the L I C Act, an actuary has to go into the working capital, the capital invested for covering the risks etc, and the balance is declared by the actuary as surplus A certain surplus emerges We do not know what its volume will be, and what 5 per cent of that surplus will be The Act lays down the Government must enunesate the principles which should govern the investment of this 5 per cent of the surplus I am sorry to say that this document does not also mention anything about this 5 per cent as it is obligatory on them to do under section 28 of the LIC Act

As you know, Sir, there is the working capital, there is the capital to be invested to cover the risks, and there is the surplus The previous companies used to invest this working capital in easily realisable short-term investments Whether the working capital of the L I C also is going to

[Shri Mahanty]

be invested in easily realisable short-term investments, and if so what principles will guide such investment. I am labouring this point because, whatever the modifications may be, these relate only to 85 per cent of the investments, 50 per cent in giltedged securities and 35 per cent in approved investments, which include only investments to cover the liabilities and risks. My point is that the previous companies used to invest their working capital also, a certain part of it. Is the L.I.C. also going to invest its working capital? If so, what principles are going to govern the investment of that working capital? Moreover as I said a little earlier, nothing has been said about the principles that will govern the investment of the balance of the surplus. Therefore, these two aspects leave a lacuna, and we believe this document has been prepared giving much less thought than was expected from the Government. This has to be controverted, otherwise why are you silent on what the law enjoins on you under section 28 of the L.I.C. Act? And how are you going to utilise this 15 per cent? Why has not a single word been mentioned as to what is meant by other investments?

Shri Morarka: Section 28 of the L.I.C. Act has nothing to do with the investible funds. I am surprised at what the hon. Member points out. It only says that as a result of the actuarial investigation if there is a surplus, 95 per cent of the surplus will be reserved for the policyholders and the balance 5 per cent will be distributed according to Government's wishes. Under the old Act this balance could be distributed to the shareholders by way of extra dividend or bonus. Since the Government is the sole shareholder, the 5 per cent will be given to the Government. It has nothing to do with the investible funds.

Shri Mahanty: That point I made clear that investible funds embrace only 85 per cent. There is another 15 per cent which is to be invested in other investments.

Shri Nathwani (Sorath): Not necessarily; it is permissible to invest there.

Shri Mahanty: As for investible funds, it is going to be about 85 per cent in approved investments and another 15 per cent in other investments. That is the first thing. Secondly, there seems to be some lacuna about the actuarial surplus which has to be declared.

I believe that is the correct interpretation of the Act. If the hon. Member will kindly go through section 28 of the Act, he will find the expresion 'in such manner as Government may determine'.

Shri Morarka: 95 per cent is to be reserved for the policyholders.

Shri Mahanty: What about the 5 per cent?

Shri Morarka: Government may take it.

Shri Mahanty: That is what we would like to know, because Government cannot claim it for themselves; it has to be invested, and we have seen also what the intelligence of Government is Two years ago, they said that since they were the approving authorities they needed no approval.

Shri Nathwani: This section has nothing to do with investible funds.

Shri Mahanty: If the hon. Member would kindly go through section 28 of the Act, he will find that it is obligatory on the part of Government to enunciate the principles on which they are going to invest it. That is exactly my complaint. It may be that no actuary has gone into it. I believe I have made that point clear.

I shall touch one very small point, and I have done. It is being said that there is functional autonomy, and that that functional autonomy must operate, and the activities of Life Insurance Corporation cannot be impaired by any other consideration except its own functional autonomy. This functional autonomy is a humbug; it is bunkum, because the fact has to be remembered that there can be no functional autonomy in a public sector which is controlled by the Parliament of India; there can be no concept which is absolute; it is always related to something. Section 6 of the Act says that it should be conducted in the public interest Otherwise, there was no need to nationalise life insurance. Today, we are the customers of the Life Insurance Corporation. We are not getting the service at a cheaper rate. Possibly, our difficulties have grown more, after this huge monolithic body has come into existence, we do not get now the courtesy that we used to get and the consideration that we used to get, as customers. Therefore, this is no luxury for us

What I would like is that the Life Insurance Corporation should so formulate its policy and its principles and conduct its activities that it is in the best national interests This statement also is silent on that point. Even though it was made clear in section 6 of the Act that it should be in public interest, this document is silent on that

These are some of the most important lacunae which have rendered this document very unsatisfactory, and we hope that while the hon. Minister replies, he will answer to these doubts so that the matter is clarified.

Shri Nathwani: I rise to support this policy statement, and I do so with a melancholy satisfaction It is said that it is a new policy. I beg to differ. It is the same policy which was enunciated by the then Finance Minister, at the time of the passing of the Life Insurance Corporation Act. Unfortunately, there was an attempt on the part of his successor to make a radical departure, and we know what happened thereafter. In fact, in August, 1957, a Bill was introduced for the amendment of the parent Act, and at that time, my hon friend Shri Morarka and myself moved an amendment which ultimately had the effect of putting it away. I understand that it has since been withdrawn by Government We have now harked back to the original policy contemplated by the then Finance Minister at the time of the passing of the Life Insurance Corporation Act but after the loss suffered by the Corporation in Mundhra deal

My hon friend Shri Asoka Mehta said that there were two angles of looking at this question, and those two angles were the traditional one, and the angle of the socialist pattern of society, and he said that the other aspect should dovetail or fit in with the socialist pattern of society. He seemed to suggest that they were contradictory, because, later on, he proceeded to observe that if a choice were to be given to him, he would choose the latter one, namely the policy which would fit in with the socialist pattern. If he had the choice, his choice would be a short-lived one.

There is a third approach also, and that was that of Shri S A Dange. He sought to eliminate the operations on stock exchanges, thereby eliminating investment of Corporation funds in equity shares, debentures and preference shares also That was the inevitable conclusion of his plea.

Shri Narayanankutty Menon (Mukandapuram): He did not say that. He made it very clear then.

Shri Nathwani: What did he make clear?

Shri Narayanankutty Menon: He said that the Life Insurance Corporation should not enter into the market for stabilising the market, not that shares could not be purchased on the stock market.

Shri Nathwani: Very well, then, the company or the corporation should invest in shares, but should not enter into the market for stabilising the market. I say that the choice would have been a short-lived one, for this reason that it is not as if we are dealing with the budget surplus left in the hands of Government. We are essentially dealing with the funds put at the disposal of the corporation by the policyholders. If you choose between the two, namely the safe and sound mode of investment, and the other one, namely of advancing the socialist pattern of investment, then there would be a fall in the return, there would be less profit, and that would scare away the potential policyholders. This is the main thing that has to be remembered in this context.

If you go along with your socialist and other systems or programmes, or, in fact, any system which would cut or substantially lower the profits to be given to the policy holders, then that would make them invest in other ways; they would not come forward for investment in the life policy as it would then cease to be attractive. Please remember that the bonus or share in profits is a necessary thing for the policyholders. Even if you do away with the present division of policies in two sets, 'with-profit' and 'without-profit' policies, still you have to see that they get a fair amount in the profits of the corporation; for, if I have to get in return a sum of Rs. 20,000 ten or fifteen years hence, for the amount which I would be paying every year that is not enough; I must get real value in terms of money. It is not enough if I get Rs. 20,000, because twenty years hence or fifteen years hence, the price of the rupee would have fallen and would have depreciated. I want to get something more at that time, so that I can be compensated for the rising trend in prices.

Therefore, according to me, there is no antagonism between these two angles or two approaches. They could be harmonised. They were sought to be harmonised, and they could be harmonised in the practical working of this policy.

I stated a little while ago that it was the same policy which was enunciated by the then Finance Minister, Shri C. D. Deshmukh. In this connection, a reference has been made to the nationalisation of life insurance business. In his broadcast speech, the then Finance Minister had stated that it was necessary to nationalise the life insurance business for accelerating the savings and for properly utilising the funds. That purpose has been kept in view in the Act itself, because it has been made obligatory on the part of the corporation to carry on its activities to the best advantage of society. Its business has to be carried on with this aspect in view. And business means all phases of business; whether it be the policy of insuring or whether it is a question of investment and so on, in all phases or activities of business, the corporation has to see that they are carried on to the best advantage of society.

For instance, take the question of insurance There, the whole idea is to carry the benefit of insurance to the rural areas, to the industrial workers and others, compatible, of course, with business principles, and having got the monopoly in life insurance business, the Life Insurance Corporation has started other activities which would make available the benefits of policy to them also.

Then when it comes to the question of investment also, the then Finance Minister explained both in his utterances in the Lok Sabha and those outside that so far as schemes covered by the Second Plan were concerned, they would be given preference. Therefore, the whole object of nationalisation was sought to be achieved by expanding its business in the

manner indicated by me and by diverting the funds of the Corporation in the manner which would best promote the implementation of the Second Plan.

14 hrs.

A controversy has raged about investment in equity shares. It has been suggested that it is rather risky, it is of a speculative nature and so on. But besides several other points mentioned in support of the plea for investment in equity capital, I have to state one more. That, as I have already stated, is that you should have a balance portfolio and you should so distribute your assets that there is also room for appreciation. My hon. friend, Shri Asoka Mehta, asked: what is it that you are seeking? Will you bear in mind the question of income or also appreciation of asset? That has been borne in mind. That has been taken into consideration. These provisions provide ample scope for investment in assets likely to appreciate.

There are two kinds of asset. One is a debt or a loan, a preference share or debenture, so that ultimately you get back the exact amount that you have invested, say Rs. 100 or Rs. 500 or Rs. 1,000, whatever it is. The second is investment in real property, say, buying an immovable property for Rs 1 lakh. Ten years hence, it would fetch Rs. 1,50,000, or buying ordinary shares which may also appreciate in value. Therefore, there is enough room for appreciation also in the modes of investment visualised in this scheme.

Now, I shall refer to the 30 per cent. limit. I consider it a very high limit and for this reason: if you get a substantial holding of 30 per cent in the shares, you have to take interest in the management and administration of the company. Having become almost a one-third sharer in the corporate activity, how can you afford to remain aloof? But the intention is not to participate in management. In answer to a question asked by my hon. friend, Shri Tyagi, the hon. Finance Minister explained that there was no such intention. But then there is this paradox. How can you explain this fact that while you come to have a one-third share in the company, you will not take part in the management of the company? As I see it, there is no room for fixing the maximum at 30 per cent, because there is a further proviso which empowers the Central Government to authorise the corporation to exceed, if necessary, the maximum limit whether it is 30 per cent. or 10 per cent. Further, whereas under the original section 27A a company was authorised to invest to the tune of 10 per cent not merely of equity capital, but also 10 per cent of the equity capital and debentures, if any. Now, as the provision stands, it would be open to the L.I.C. to invest to the tune of 30 per cent in the equity capital of the company, to buy as many debentures as it likes. I do not say this is the intention. But what is the provision? Just look at it. L.I.C. can acquire a very substantial interest without even referring the matter to the Central Government. I do not think that this is what was contemplated. If, on the other hand, you want to protect the present holdings of shares amounting to 30 per cent. or more in some companies, because that is a legacy of the past, then that should be made very clear, that hereafter it is not the intention of Government to acquire, say, more than 10 or 15 per cent of ordinary shares in a company.

Then something was said about investment in private companies. I am with those friends who are opposed to this idea. If you have in mind private companies owned exclusively by Government, then no objection can be raised to that. But for that you have ample powers even without having this clause. In section 27A there is a general provision which empowers the Central Government to issue by notification certain investments which would be considered approved investments; as and

[Shri Nathwani]

when Government want that other parties including the Corporation should buy these shares of these Government companies. They can issue a notification under that provision. So I do not see any necessity for private companies being treated in the manner in which it is sought to be done.

I come to another point. Shri Asoka Mehta stated that there was discrimination against small savings. I could not quite understand the basis of his remark, because whether a person would invest in small savings or would go in for an insurance policy would depend upon different considerations. Whereas my savings certificates are transferable—I can get money immediately; whenever I like, I can go to the market and dispose of them and also earn something, and also there are certain facilities given, namely, exemption from income—and other taxes—when you go for an insurance policy, you do so for altogether different reasons. Therefore, it is not proper to compare both modes of investment.

There was some talk about investment in different regions. Perhaps it would be a good idea to allot, as it were, a certain part of the premia fund to be ear-marked for development schemes in those particular areas. Just as we have got small savings schemes where the Centre allots 50 per cent or even two-thirds to the States from which they are collected as a sort of incentive, likewise if potential policyholders were to be told that 75 per cent of the moneys to be paid by them would be spent in that particular part, it might act as an encouragement to them. But I also know that at present Governments—both State and Central—have been spending considerable sums of money by way of undertaking irrigation schemes, community projects and other social welfare activities; and therefore, whatever little more could be obtained by way of adopting such a system would be a mere drop in an ocean.

Then something was said about the risk involved in this kind of investment. By framing very salutary regulations, you cannot avoid risk. Again, it is a question of working out those principles. You cannot legislate sound investment just as you cannot legislate good management. These regulations can only serve to minimise the risk inherent in investments intended to secure not only good return but also meant to satisfy economic and social needs of society which has the aim of a socialist pattern before it.

I also ask for broad-basing the Investment Committee. It requires very experienced and knowledgeable persons. Therefore, you should see that those who are experts in banking, industry, finance, business and other affairs, and those who also have got this idea of the traditional school of thinking and also want to advance the social good of the society,—these people are brought on the Committee.

Lastly, I would say one or two things as far as the annual report of this Corporation is concerned. Some figures may be given to show in what respect the Second Five Year Plan is being implementd. Shri Dange, I think, suggested the giving of some facts and figures. It may not be absolutely necessary to give details; but some idea should be given whereby we could know how the Second Five Year Plan is being implemented from the funds of this Corporation.

Finally, I would suggest that if the 10 per cent limit of investment in ordinary shares of a company has to be exceeded, Government should frame rules regarding the management or voting by their nominees at the time of the elections of directors of the company.

That is all I have to say.

Shri Ajit Singh Sarhadi (Ludhiana): Mr. Chairman, Sir, there is general agreement from all quarters on the

basic objective policy pertaining to the investment of the funds of the LIC. Those objectives are two, as I understand The first objective is safeguarding of the interests of the policyholder by making sound and profitable investment of the funds, and, secondly, keeping in view the good of the community as a whole

An apprehension has been expressed in certain quarters of the House that these two objectives may at times conflict I am afraid the apprehensions are not well based With the nationalisation of the insurance companies, there is a guarantee for the safety of the policyholder's funds The only question that remains is the profitability of the investment That has to be taken into consideration in view of the good of the community as a whole From that point of view, I would submit that that should not be found fault with inasmuch as in a socialist pattern of society the good of the community must dominate the profit motive Therefore, I would say that the primary consideration that should be kept in view in the investment of the funds should be the good of the community

We have to see to the development of the country as a whole We have also got to see that the investment should be in a manner that the entire country could develop In this connection, a suggestion has been made in the House that the Corporation should be split into zones and investments should be on a zonal basis I need not deal with the working of the Corporation as such, for that discussion would not be relevant to the issue that is before the House But, I am glad to hear from the hon Deputy Minister today that regional considerations are kept in view in the matter of investment of the funds of the LIC, but they are kept in view commensurate with the safety of the investment That is a correct policy. But, I would say that greater attention should be paid to the backward areas which need more of developmental economy

The hon Minister has held the portfolio of Commerce and Industry and so he knows very well that in the matter of investment of funds in the public sector—in the heavy industries—there is a lot of disparity. Whereas the investment in the north, in Punjab, in the public sector, in the heavy industries is 13 3, it is nearly 90 or 88 in Madras, 98 in Bihar and about 80 in Bengal I concede that, in the matter of heavy industries, investment would be at places where the raw material is available But, that can be compensated by looking to the developmental economy of those areas which could not be accorded a proper treatment in the matter of heavy industries Therefore, I particularly draw the attention of the hon. Minister to the other aspect, that is rural economy

It has been conceded that industrial development and agricultural development must go side by side. Rather, agricultural development constitutes the basis and the foundation of all the planning that we have got to undertake How far agricultural development has been taken into consideration in the matter of the investment of the funds of the LIC is one of the points to which I would draw the attention of the hon. Minister

In the statement of policy it has been stated that a certain percentage is to be invested in gilt-edged securities, a certain percentage to be invested in approved securities and so on and so forth I have no objection to that because we have got to safeguard the interests of the policyholder But, keeping that in view, there is no reason why funds should not be put at the disposal of societies or banks recognised by the States to cater to rural credit For that purpose the States can be asked to formulate policies

There are land mortgage banks in the States whose future development depends mainly on agricultural econo-

[Shri Ajit Singh Sarhadi]

my. If funds are put at the disposal of those land mortgage banks or rural credit societies by the LIC, I do not think it would, in any way, be infringing the basic principle of the soundness of investment or the profit from the investment. But, at the same time, it will gain the advantage of the good of the community.

You know very well, Sir, and the hon. Minister is very well aware that there is already a lot of disparity in the incomes of agriculturists and the industrialists. Whereas the average income of the agriculturist is Rs. 200 and something, the income of an industrial wage-earner is more than Rs. 300 and this disparity would be accentuated by the end of Second Five Year Plan. No attempt has been made to remove that disparity inasmuch as the rural population is not being given proper finance and credit to increase production. I must plead with all the emphasis at my command that the agricultural side is being completely overlooked in the matter of investment of LIC funds.

The LIC is a huge concern and its funds are bound to rise in times to come. Every year we have got heavy accumulation and we can very well utilise these funds for the benefit of the rural population. I do not see why any attempt should not be made in the matter of putting the funds at the disposal of the land mortgage banks and other rural credit societies with the guarantee of the States for the purpose of the development of rural economy.

Here again, I must submit another point for the consideration of this hon. House. I have already said that there is a lot of disparity in the matter of investments. We have taken a survey of rural credit. Rural credit is simply starving because of the lack of funds; and the moment you give to agriculturists the finance to produce more, I believe, not only will there be a developmental economy but you will be dealing fairly well with a large proportion of the population. By increasing production you will be able to save foreign exchange also. Not only that. If the income of the agriculturist rises the Life Insurance Corporation would have more of business from the rural areas. That can only be done by raising their level. So, my first submission before the hon. Finance Minister is this. More attention should be given to the investment of funds towards the rural credit societies and the land mortgage banks commensurate with safety.

The housing problem is also one of the important problems. It forms part of our planning. I could see what the policy laid down is. I do not find any statutory or other hurdle on investment in the manner in which I have suggested. Even if there is any statutory hurdle, even if section 27 of the Insurance Act needs amendment, I submit that that amendment should be broughtforward in the interest of the general good. The housing problem is an acute problem and it is not limited to the urban population. It applies to the rural areas. The community development blocks are one of the vehicles of the machinery through which we can improve the housing conditions in the rural areas. There is no reason why some funds with sufficient guarantee be not put at the disposal of the community blocks for the purpose of better housing conditions. There will be a guarantee from the State and the guarantee will be in the form of loan.

We can have a long range policy in the matter of housing by the investment of these funds to some extent. I hope the points mentioned by me would be considered by the hon. Finance Minister.

श्री राधा रमण (चांदनी चौक) : सभापति महोदय, जिस नीति पत्र को हमारे वित्त मन्त्री महोदय ने इस सदन के सामने

रखा है, मैं उसका स्वागत करता हू । इसमें कोई सन्देह नही है कि जो नीति-पत्र रखा गया है उससे ऐसा प्रतीत नही होता है कि इसमें कोई विशेष सशोधन किये गये है, हा कुछ छोटे मोटे सशोधन अवश्य किये गये है । परन्तु उस सारे को आद्योपान्त अगर ध्यान मे रखा जाय तो पता चलेगा कि लाइफ इन्श्योरेंस कारपोरेशन की पूजी लगाने की जो नीति है वह नीति काफी रक्षा पा जाती ह, ऐसा मेरा ख्याल है ।

मैं दो चार बातें उस सम्बन्ध में इस सदन के सामने रखना चाहूगा और मैं चाहूगा कि माननीय मत्री महोदय उन पर ध्यान दें । मैं यह भी चाहूगा कि जो विचार यहा पर माननीय सदस्यो द्वारा रखे गये है उनके बारे में भी माननीय मत्री जी अपने विचार बतायें और जो मैं कहने जा रहा हू उसके बारे में भी अपने विचार व्यक्त करें ताकि मुझे यह सन्तोष हो कि जो नीतिपत्र सामने आया है वह पहले के मुकाबले मे ज्यादा उपयोगी सिद्ध होगा और पहले के मुकाबले में और अधिक देशवासियो के लिये लाभदायक सिद्ध होगा ।

एक चीज जो मैं देख रहा हू वह यह है कि हमें कुछ ऐसा सन्तोष होता जा रहा है कि जब से हमने बीमा कम्पनियो का राष्ट्रीयकरण किया है तब से हम हर चीज को, जो इससे सम्बन्धित है, अच्छी तरह से निभा रहे हैं । परन्तु हमारे सामने कुछ इस तरह के आंकडे या इस तरह का मसाला नहीं आता है जिससे हम यह अदाजा कर सकें कि पहले के मुकाबले में हम कितना आगे बढे है या कि पीछे हटे है, यह कह देना कि पिछले वर्षों के मुकाबले में हमने ज्यादा बिजिनेस किया है या २४० के करीब कम्पनियों का राष्ट्रीयकरण करके हमने उस विधान की धारा का पालन किया है जिसमें यह कहा गया था कि अगर यह देखा जाएगा कि बहुत सारी कम्पनियां उसके मुताबिक काम नहीं करती हैं या उनमे बहुत सी खराबियां पैदा हो गई है और उनमें जो लोगो का रुपया लगा है उसका सदुपयोग नही होता है तो उनका राष्ट्रीयकरण किया जा सकता है काफी नहीं है । आज हम यह नहीं कह सकते है कि जो रुपया उन सब कम्पनियो का उस वक्त मौजूद था, जिस तरह से वह लगा हुआ है जिस तरह से उन्होने लगाया था और जिस तरह से हमने लगाया है, आज उस सब की क्या अवस्था है, आया वह अच्छी है या नही है, यह हमें पता चलना चाहिये । आज हमें कोई आकडे नजर नही आते ह कि उस इनवेस्टमेंट पालिसी में जो खराबिया थी और जिन को दूर करने के लिए हमने राष्ट्रीयकरण किया है, उसके बाद से हमने जो रुपया लगाया है उसमे हमें क्या तरक्की दिखाई देती है । मैं प्रार्थना करता हू कि इस सदन को समय समय पर आकडो द्वारा बताया जाना चाहिये, इत्तिला दी जानी चाहिये कि जिससे यह जाहिर हो सके कि जो कम्पनिया पूजी को ठीक ढग से नही लगाती थी या गलत तरीके से लगाती थी और उनमें बहुत सारे नुकसानात होते थे जिनके कारण राष्ट्रीयकरण हुआ उसके बाद से उन कम्पनियो के इनवेस्टमेंटस का क्या हाल है, टोटल पूजी का क्या हाल है । अगर यह इत्तिला हम को दी जाती रहे तो हमें पता चलता रह सकता है कि राष्ट्रीयकरण के बाद से हम कहा तक आगे बढे है ।

यहा पर कहा गया है कि हमारे पास जो रुपया आता है उसका हम इडिविजुअल मार्टगेजिस के अन्दर इस्तेमाल करें । इसमें जो खराबिया है या जो तकलीफे हैं, उनकी तरफ हमारे डिप्टी मिनिस्टर साहब ने हमारा ध्यान खीचा है और जो कुछ इस बारे में उन्होंने कहा है मैं उसका समर्थन करता हू । जहा तक व्यक्तिगत मार्टगेजिस का ताल्लुक है हमारे मुल्क में वह बहुत कामयाब नही हो सका है । उसका नतीजा यह होता है कि बहुत सारा लिटिगेशन बढ़ जाता है और जो आमदनी की आशा होती है वह आमदनी नहीं होती है

[श्री राधा रमण]

और नुकसानात हो जाते हैं । इसलिये मैं समझता हू कि यह इरादा बेहतर होगा कि इस तजवीज को अमल में लाया जाए कि तमाम हिन्दुस्तान के अन्दर एल० आई० सी० का जो रुपया है उस रुपये से कुछ हाउसिंग बोर्डस बनाये जायें जो कि आटोनोमस या स्टेचुटरी हाउसिंग बोर्ड हो सकते हैं, एक परमेंटेज बेसिस पर रुपया इनके हाथ में रख दिया जाए और वे सारे काम को करे और लिटिगेशन इत्यादि से वे ही निपट और हमारा केवल इसी बात से ताल्लुक रहे कि हमे उस रुपये पर ब्याज या रिटर्न ही मिले, वह सुरक्षित रहे तो शायद यह ज्यादा कारगर हो सकता है, ज्यादा मुफीद हो सकता है, ज्यादा लाभदायक हो सकता है । यह चीज हो या न हो लेकिन मै इस बात का जरूर समर्थन करता हू कि एल० आई० सी० का जो इनवैस्टमेंट है उसका कुछ भाग इस काम की तरफ भी लगाना चाहिये क्योकि पहले जो कम्पनिया थी वे भी इस तरफ ध्यान दिया करती थी और उससे बहुत कुछ मुआमलो मे जो आराम मिल जाता था अर्बन एरियाज मे हमने उसको किया था और शायद रूरल एरियाज मे अभी तक हमने इसको नही किया है । उसकी तरफ भी हमे ध्यान देना चाहिए और रूरल एरियाज वाली बात भी देखने वाली है ।

यहा पर यह भी कहा गया है कि हमारी नीति के अन्दर इस बात का ख्याल रखा जाता है कि जो रुपया आता है उसे हम रिजनल बेसिस पर खर्च करे उसका डाइवर्सिफिकेशन हो । मैं समझता हू कि अगर एक कमेटी आपकी कन्द्र मे रहती है और वह सारे हिन्दुस्तान की इनवैस्टमेंट से ताल्लुक रखती है तो उस कमेटी का ध्यान सभी इलाको की तरफ उतना नही रहता है जितना कि रहना चाहिये । अगर हम कोई ऐसा तरीका अख्त्यार करें कि इस कमेटी के मातहत हर जोन्स के पीछे हम एक इनवैस्टमेंट कमेटी बना दें और उस कमेटी का काम हो कि जो इस प्रकार के क्षेत्र है कि जिन के जरिये हम रुपये की रक्षा करते हुए वहां इनवैस्टमेंट बढ़ा सकते है, तो उन्हें बढ़ाने की हमें कोशिश करनी चाहियें । ये जो अलग अलग इनवैस्टमेंट कमेटीज हो इनको हम कुछ परसेंटेज तक के लिए पूरे अख्त्यारात दे सकते है, और बाकी परसेंटेज के लिए हम कह सकते है कि जो सैंट्रल कमेटी है, वह उसको करे । यह भी हो सकता है कि वे कमेटीज जो भी करें वे सब काम सबजैक्ट टू दी एप्रूवल आफ रीजनल कमेटीज या मैट्रल कमेटी किये जाये । मैं समझता हू कि इस बात की सख्त जरूरत है कि जो रुपया जिस जिस इलाके से आता है, उस इलाके के लोगो की हालत को सुधारने के लिए या सोशल एडवामर्मेंट के लिए हम खर्च करे । इसमें शक नही कि खर्च करते वक्त हम को हमेशा इस बात को ध्यान मे रखना होगा कि हमारा रुपया रक्षित रहे और जो बचत हो वह ऐसी हो जिसे कि हम प्राफिटेबल कह सके ।

आजकल गवर्नमेंट लोस और डिबेंचर्स इत्यादि मे रुपया लगाने की भी पालिसी चालू है । मैं समझता हू इस बारे मे अभी तक किसी यूनिफार्म नीति पर नही चला जा रहा है । चूकि कमेटी कलकत्ता बम्बई इत्यादि के अन्दर रहती है इसलिए वहा पर जो लोस फ्लोट किये जाते है उन्ही में अधिकतर रुपया लग जाता है । यह इसलिए भी हो सकता है कि वहा पर कमेटी का ज्यादा असर होता है । लेकिन जहा तक दूसरी गवर्नमेंट्स का ताल्लुक है, वहा पर ऐसा नही होता है । आज जब कि हम सारे हिन्दुस्तान के अन्दर बीमा कार्य को फैलाना चाहते है और चाहते है कि ज्यादा से ज्यादा गवर्नमेंट भी इससे फायदा उठाये तो मैं समझता हू कि अगर इस बात की तरफ भी ध्यान दिया जाए और उन गवर्नमेंटो के लोस में भी रुपया लगाया जाए तो कोई हर्ज की बात नही होगी । मैं समझता हूं कि गवर्नमेंटो के लोस में सब्स्क्राइब करने की हमारी

एक यूनिफार्म पालिसी हो । साथ साथ जिस इलाके में जितना काम होता है उस इलाके की गवर्नमेंट को भी सहायता पहुंचाने का मौका हमें मिलता रहना चाहिए ।

यहां पर बार बार यह बात कही गई है कि सोशल एडवांसमेंट में हमको ज्यादा रुपया खर्च नहीं करना चाहिये और यह बताया गया है कि ३० परसेंट इक्विटी शेयर्स में न हो, कम हो । मैं समझता हूं कि इक्विटी शेयर्स में ३० परसेंट हो जाने में कोई हर्ज की बात नहीं है । हमारा उसूल यह है कि जिस इनवेस्टमेंट को हम समझते है कि उसमें हमारा रुपया सुरक्षित है, उसमें हमें ज्यादा बचत होती है, उसीमें हम रुपया लगाते हैं तो इस कसौटी पर खरे उतरने वाले कामों के अन्दर रुपया लगाने में हर्ज नही है । अगर आज मुल्क के अन्दर ऐसे बहुत से क्षेत्र है, कारखाने है या काम चलते है कि जिनमे हम थोड़ा सा रुपया इनवेस्ट करें तो हम उनको बढ़ावा दे सकते हैं तो हमें जरूर उनको बढ़ावा देना चाहिये । हमें इससे भी नही डरना चाहिए कि अगर ३० परसेंट हम दे देंगे या जो इस कम्पनी में हम इनवेस्ट करेंगे उसमे उसका कंट्रोल हमारे हाथ मे आ जाएगा । गो हमे कंट्रोल अपने हाथ में लेने की कोई जरूरत नहीं है बल्कि हम तो उस कम्पनी को बढ़ावा देना चाहते है तो हमे यह करना चाहिये । लेकिन हम उन्ही कम्पनीज में इनवेस्ट करें जिनका इन्तिजाम अच्छा है, मुनासिब है और जिनके अन्दर किसी किस्म के नुकसान होने का अंदेशा नही है । अगर इस बात को सामने रख कर हम चलें तो यह बहुत ही मुनासिब बात होगी । आज हम मिक्स्ड इकानोमी का समर्थन कर रहे हैं और हम प्राइवेट और पब्लिक दोनों सैक्टरो को तेजी से आगे ले जाना चाहते हैं और वहां पर अगर हम ३० परसेंट तक रखें जिनमे बहुत सारी ऐसी कम्पनियां भी आ जाती है जो सैमी-गवर्नमेंट है, निरी गवर्नमेंट है या ज्वायंट स्टाक कम्पनीज है तो कोई हर्ज की बात मै नहीं समझता हूं । इस नीति-पत्र में भी ३० परसेंट की बात कही गई है । मैं समझता हूं कि इसका हमें समर्थन करना चाहिए ।

चूंकि वक्त नही है इस वास्ते मैं बहुत से पाइंट्स को छोड़े देता हूं । जो नीति-पत्र हमारे सामने आया है उसका हमें स्वागत करना चाहिए और हमें इस बात का इंतिजार करना चाहिए कि अब तक जो हमारी इनवेस्टमेंट पालिसी मे खामिया रही है वे आइंदा दूर होंगी, आइंदा ज्यादा जांच पडताल हुआ करेगी, और उसकी नीति के तौर पर हम एल० आइ० सी० जो कि सब से बडी पूंजी वाली संस्था है और जिसके हाथ में इतना रुपया रहता है कि वह उस रुपये से बहुत बड़े बडे काम अंजाम दे सकती है उसको और आगे बढ़ा सकेंगे । एल० आई० सी० अपने रुपये को ज्यादा सुरक्षित कामो मे लगाये जिस-से न सिर्फ डिविडेड या सेविंग का बढावा मिले बल्कि पालिसीहोल्डर, जो कि रुपया देता है, उस को भी यह अन्दाजा हो कि मुझे इस सारी पूंजी से इतना मुनाफा मिल रहा है, यह आउट टर्न हो रहा है, बोनस की शक्ल में, और वह इसे और भी ज्यादा पसन्द करे । यह लोगों के अन्दर और ज्यादा मकबूल हो सके । यह हमेशा ध्यान रखा जाय और मझे इस बात की आशा है कि जो पालिसी देश में रखी गई है उससे हमे यह नतीजे निकलते नजर आ सकेंगे ।

Shri Morarji Desai: Sir, I am grateful to the hon Members who took part in this discussion for the time and thought they have given to the investment policy placed before the House, and for the suggestions made by them as also the criticisms offered by them.

I am glad to see that, barring one or two criticisms, the policy has been generally well received inasmuch as there has been no new suggestion as such for incorporation in the policy. The only suggestions that are made

[Shri Morarji Desai]

are in the matter of interpretation of the policy rather than any departure from the policy which has been framed. Even the hon. Member who said this is an anaemic policy did not say what should be done to make it a vigorous and vital one. I wish that suggestion had been made; in that case Government would have given very careful thought to it and would have profited by it.

I do not think that this policy is either anaemic or something which is injurious or useless, I may make it very clear that no claim was made at any time by me or Government that any new policy is being enunciated and placed before the House. The question of a new policy would have arisen if any policy had been definitely laid down earlier and placed before the House and another policy has been enunciated and put now before it. What has been done now is that, as a result of experience gained, the policy has been definitely laid down on paper and given to the L.I.C. and which is now placed before the hon. House. That is all that has been done.

I am also very happy to find that there is agreement about the objectives which ought to be followed in the matter of this investment. Therefore, in that regard too I will not have much to say.

I shall certainly, Sir, try to deal with some of the apprehensions which have arisen in the minds of some as regards the possible interpretation or use of some of the items of the policy, and some of the suggestions made which are neither unanimous nor acceptable to all. Take, for example, the suggestion about the division of the Corporation into five different corporations. That is not a suggestion which is acceptable to everybody, and naturally so.

It would have been possible to consider this particular suggestion if the steps that have already been taken to have this Corporation as one Corporation had not been taken and implemented. After integrating all the services and the work of 240 companies into one, now to start again into dividing them and disintegrating the work of integration would not, I believe, be a happy pastime for any Government. We have now to work this to our best capacity and see that it succeeds. As it is, its work has been divided into five zones and those zones are working more and more in competition as also in further decentralising the work of the Corporation. The work of the Corporation can be decentralised in the different zones and in the different gradations of working. Therefore, even though there is one Corporation there need not be a fear that because it is one monolithic Corporation and a monopolistic one it will not be efficiently run. There are far larger companies in other countries than this Corporation dealing with insurance and they have been working efficiently. Therefore, simply because a Corporation is large it does not follow that it will not work efficiently.

There is also, Sir, the suggestion or the criticism that the Investment Committee does not represent all regions and, therefore, there is a possibility of some regions being neglected and the activities of investment being confined only to the more developed parts of the country to the cost of the less developed parts of the country. This apprehension, Sir, is not well founded. The Investment Committee by its very nature is bound to be a small one and is bound to consist of people who have expert knowledge and experience of this kind of work and it cannot be made representative on a regional basis. But there are representatives of all regions on the Corporation itself and it is the Corporation which is ultimately responsible for investment and which

is also responsible for appointing the Investment Committee. Therefore, the interests of all the regions are safeguarded and taken into consideration in the matter of working of the Corporation.

When it is suggested that the investment should be diversified in all regions, it is a concrete proposition. I do not think there will be any difference of opinion in this matter, but if it is remembered that a large part of the funds, investible funds, are invested in Government securities, Central Government loans, State loans and loans of corporations and local bodies of all regions, it will be realized that there is a diversification in the matter of utilization of these funds. As far as I see, 70 per cent of the funds have been invested in Indian Government and approved securities in the public sector.

Therefore, the other point also which was raised by my friend Shri Asoka Mehta is satisfied, namely, that we are trying to see that these funds are utilized for furthering the Plan, the second Five Year Plan or the third Five Year Plan when it comes, of the Government to give effect to the economic policies of Government and for bringing in a society of the conception which we have agreed to.

It is not possible, otherwise, for the Corporation itself to go on investing its funds in different small sectors in different parts of the country. I do not think it is possible for them to manage it from that point of view. It was said that nothing is being invested in agriculture. That also would not be quite true: directly, the answer would be 'yes'. But indirectly, when a Corporation subscribes to the Central Government loans and to the State loans, it does subscribe to all the schemes of Government which includes agricultural schemes, irrigation schemes, electricity schemes and all such schemes. Therefore, if these things are borne in mind, I believe that the criticism will not be justified.

Attention was drawn to the necessity of seeing that the Corporation's funds are utilized for housing schemes in order to help in that activity. It is the policy of the Corporation to have housing for its employees, and it wants to do this,—to have housing for at least 50 per cent of its employees within the next five years. The Corporation have already begun that activity. They are also setting apart every year Rs. 3 crores for giving loans to co-operative housing societies through the States It will thus be seen that this very factor is taken into consideration and is being implemented.

I agree with my friend Shri Asoka Mehta that whereas security of investment must be the primary consideration, it must not be made such a fetish that the whole activity becomes very static. Some risks have to be taken somewhere, but the risks ought to be reasonable and not as would land the Corporation and Government in trouble. Therefore, that has got to be taken into consideration and safeguarded, but consistently with that, the LIC certainly will try to see that the investible funds are utilized in the best manner possible, for the good of the community as a whole and not merely for a profit motive. In this connection, it was said that the issuing of policies with profit is not fair to the other people who take part in savings like provident fund and small savings. Here, there is some misapprehension or misunderstanding of facts. The interest which accrues to a policyholder in this investment is barely two per cent whereas those who hold provident fund and small savings have about four per cent interest. Therefore, even when these people get profits, they do not get more than that at all. If there is any discrimination, it is against the policyholder rather than against those who take part in provident funds and small savings schemes.

Then, those who take out policies with profit also pay a higher pre-

[Shri Morarji Desai]

mium. It is not as if for the same premium they get profits. In order to have profits they have got to pay larger premium. Therefore, that is also a part from which they derive their profits. So, this is a very essential part of insurance, and it cannot be and should not be given up.

I know there are some suggestions by some people in this matter, who said that such a policy should be given up. After all, the work of insurance has got to be done with a view to see that people take to insurance more and more and are attracted to it in a proper manner. Otherwise, you will have no funds at all to invest if people do not come forward for insurance. Then there would be no question of having investment funds, and if we are to have them more and more, and if we want that people should take more and more to insurance, then it will be necessary to have attractive schemes of insurance, and have policies with profit which forms one item of that attraction. But there is no question of making any discrimination against other people who also take part in small savings or in provident funds As I said, they get more interest than the policyholders get even after getting profits.

Then the question arose about investment up to 30 per cent in any individual concern. There is a division of opinion in this matter. There is one opinion which says that this is right There is another opinion which says that this is not right and that we should not have it up to 30 per cent and that it should be confined to 10 or 15 per cent. Here again, we have got to take into consideration the history of this percentage. Originally it was 10 per cent, but then there were 240 companies, and 10 per cent was meant only for one company and not for 240 companies. Now, several companies invested in the same concern and such investments total together to more than 30 per cent in several cases. It is necessary, therefore, to see that they are safeguarded. It is granted that that may be done.

Then, my hon. friend Dr. Krishnaswami suggested that for future purposes this may not be done, but even for future purposes I do not see any difficulty. If 30 per cent or more are invested in public sector concerns or factories or in other concerns not permanently but on some occasions, when it becomes necessary to do so, that may not be necessary in order to stabilize the stock market or to speculate on the stock market which seems to be the concern of my hon. friend Shri Dange. We have, in this matter, had very heated debates. I know this question is a bit tricky, Shri Dange has shown many aversions in the present House. This is one of them. He believes in having more and more aversions, and ultimately he will have nothing else but aversion in himself

Shri S. A. Dange: Except socialism.

Shri Morarji Desai: I do not know. Socialism will itself become an aversion for him. That is what I am afraid of. So, he should try to get out of his aversions, if he wants to be an amiable person, as he always wants to be one. He speaks amiably, but his intention is quite different. If he changes his intention, then he will have no aversion. When he began to speak about the stock market, I did not know what he wanted. He was self-contradictory. He says—at any rate that is what his interpreter said, when somebody was criticising him here—that the LIC can invest in companies, i.e., it can buy shares and debentures, but that it should not buy shares in the stock market. Except in the stock market, how else is it to be purchased? (*Interruption*). I do not know if he ever held any shares. I would not be surprised if he held any shares, because he can do many things which many people have little conception of. So, even if he has shares, I will not be surprised.

What is wrong if the LIC invests its funds in a company if it finds that the shares are selling at a low rate? It can buy them and make profit for the policyholders I do not see why there should be anything wrong in it Of course, this should not be done in a careless manner or in a continuous manner as speculators do There is no question of any speculation about the LIC when it buys when the prices are low and sells when the prices are high I do not think once the LIC purchases the shares, it should never part with them at any time, or, when it parts with them, it should never purchase them again I do not see that is a proper business transaction at all Several times it may be necessary for the LIC to change its stock If it is profitable to do so and incidentally if it helps in stabilising the stock market it cannot be called speculation at all

As a matter of fact, it is in the interest of the LIC itself to see that the stock market is stabilised, because it is the largest holder of shares By its very nature, it is bound to be the largest holder of shares It is the LIC which will suffer most if the stock market crashes My hon friend perhaps will profit if the stock market crashes, because any crash is useful to him in other things He always believes in chaos, trouble strife and stress So, he thinks that whenever any crash comes creating a scare, strife and stress he can easily take advantage of it That is where I cannot satisfy him I am interested in trying to see that there is no strife, stress or crash So, I am bound to see that the LIC's activities are such as help in stabilising things rather than unstabilising them But it is not the purpose of the LIC to play on the stock market or to utilise its funds mainly for stabilising the stock market

Therefore, this policy of the LIC is very clear and clearly understood not only by the LIC, but by other people also I do not see what harm can there be in this policy being continued. As a matter of fact, there would be hardship if this policy is not continued

Equally surprising was the statement of my hon friend, Shri Dange, when he said that this nationalised corporation is handed over to people who do not believe in nationalisation or who are against nationalisation I do not see whom he finds against nationalisation to whom we have handed over the management of the LIC

Shri S A Dange The old investment committee was like that

Shri Morarji Desai I am talking of the present, not of the past We must talk always of the present, not of the past When it becomes past, we need not talk of it We should talk only of the present and the future, the past should only give us a lesson and nothing more Let us not have headaches Those who want to have headaches can have them, I do not want to have any headache

There was one question raised by Shri Bimal Ghose He asked, how is it that the percentage of companies has been raised but the percentage of banks has not been raised He has not seen the amended section where the restriction on banks also has been removed He has perhaps misread the portion marked against No 3 or something like that But if he sees the marking continuously he will find that the restriction on banks is gone So, there is no question of making any discrimination in these matters

He also said that there should be no concentration of investment in Bombay There should be no concentration of investment in Bombay or elsewhere There should be a dispersal of investment not only by regions but also by industries and by different items of investment That diversification is going on and I hope

[Shri Morarji Desai]

that when the next report of the LIC is presented to this hon. House, all those facts and figures will be given, so that the House will have full information about it and suggestions can be made in the light of those figures which provide that information.

I do not think I should take longer time in this matter, except to reply to one question raised by Shri Mahanty about surplus funds. The actual evaluation has not yet been made and therefore, the occasion for giving a direction has not yet arisen. But under the provisions of the first Act of 1938, the former companies were entitled or they were allowed to retain out of the surplus funds a maximum of 7½ per cent as profits. But Government, as the main shareholder, reserves to itself only 5 per cent of the surplus funds. There were thirty companies which had become insolvent, but Government decided to pay the policyholders their money as their policies became due. This amounts to about Rs. 70 lakhs. This also will come out of that 5 per cent. So an indication may be taken from this fact as to how the surplus funds are going to be utilised. I cannot say anything beyond that at this stage.

I hope I have clarified the points raised by several hon. Members as far as I can deal with them.

Shri Bimal Ghose: I want one clarification. In regard to mortgages, the hon. Deputy Minister said that the past experience has been bad and therefore, we are not going into that.

Shri Morarji Desai: There is no permanent policy of negation with the LIC. As soon as they are able to hold together, I think they will advance money. I do not see why they should not do it.

15 hrs.

Shri Mahanty: What is meant by "any other investment"?

Shri Morarji Desai: "Other investment" means investments other than in "approved securities", that is to say, investments which are not covered, so far as they are safe. That is to say, those companies which do not satisfy some of the conditions. Some Government companies or other companies may not satisfy the conditions, though they are sound investments.

Shri S. A. Dange: May we know something about Jessops and BIC?

Shri Morarji Desai: My hon. friend was not here when this has been done. Therefore, he seems to have lost sight of it. Otherwise, he would have known that a board of management has already been appointed by Government for Jessops, and the old management has been removed. Therefore, the purpose has been served. The same thing has been done about Richardson and Cruddas.

Shri S. A. Dange: What about the buying of the assets of Jessops?

Shri Morarji Desai: Why does he want the Government to spend all the money when it is not necessary to do so? Is he only interested in seeing that the Government goes bankrupt?

Shri S. A. Dange: I want it so that the profits go to the State.

DISCUSSION RE: REPORT ON THE WORKING AND ADMINISTRATION OF COMPANIES ACT

Mr. Chairman: The House will now take up the motion by Shri Ram Krishan and others relating to the Report on the working and administration of the Companies Act.

श्री राम कृष्ण (महेन्द्रगढ़) : I beg to move

"That the Annual Report on the working and administration of the Companies Act, 1956 for the year ended 31st March, 1957, laid on the Table of the House on the 31st March, 1958, be taken into consideration."

सभापति महोदय, यह रिपोर्ट जो हाउस के टेबुल पर रखी गई है, बहुत अहमियत रखती है क्योंकि यह रिपोर्ट कम्पनीज ऐक्ट १९५६ के सैक्शन ५६५ के तहत रखी गई है । सन् १९५३ में जब मौजूदा ऐक्ट को फ्रेम करने की कोशिश की गई तो उसका सब से बड़ा मक़सद यही था जैसा कि आब्जेक्ट्स एंड रीजंस में ज़ाहिर किया गया है ।

"That the law should provide for the fullest possible disclosure in prospectus or statement in lieu of prospectus issued;

That company accounts should be prepared in such a way as to disclose facts which are material to the full understanding of the manner in which companies are worked;

That the provision for investigation into the affairs of the company should be so designed as to enable the appropriate authority to intervene in its affairs.."

अब देखना यह है कि हम इस मक़सद में कहां तक कामयाब हुए हैं । जब मैं इस रिपोर्ट को देखता हूं तो मैं यह कहे बग़ैर नहीं रहूंगा कि जिन हालात में और जिस मक़सद के लिए यह कम्पनी ऐक्ट फ्रेम किया गया था, उस मक़सद में जितना ज्यादा हमें कामयाब होना चाहिये था, हम कामयाब नहीं हुए । इस के बारे में जो यह रिपोर्ट पेश की गई है उस रिपोर्ट में भी इस तरफ़ इशारा किया गया है । उस रिपोर्ट के सफ़े ३७ और ३८ पर कहा गया है :

"In course of the administration of the sections dealing with investigation, the following difficulties were experienced:

(a) it was found difficult to get suitable persons for appointment as inspectors.....

(b) where the officers of the company or its managing agents deliberately withheld from the inspector, on one pretext or another, relevant books of accounts or declined to appear before him and to give evidence the new act provided no power to compel the offenders to do so.... All that the inspectors could do was to file complaint to punish the offenders as if they were guilty of contempt of court. The delays involved in attendant litigation has helped the parties concerned to stave off compliance with inspector's requirments;

(c) in view of these delays, there was the possibility of destruction or removal of records by companies under investigation....."

इस बात का जो यहां पर ज़िक्र किया गया है उसका मतलब यह है कि इनवैस्टिगेशन जब भी किसी कम्पनी के बारे में शुरू होती है, अव्वल तो इनवैस्टिगेशन बड़ी मुश्किल से शुरू होती है और दूसरे मौजूदा ऐक्ट के तहत अगर इनवैस्टिगेशन शुरू भी हो जाय तो इस ऐक्ट में काफ़ी खामियां हैं जिनके कि कारण वह इनवैस्टिगेशन पूरी नहीं हो सकती । दूसरे जो कागजात और ज़रूरी रेकार्ड्स वगैरह होते हैं उन इंस्पैक्टर्स के पास ऐसी कोई पावर नहीं होती कि जिसके ज़रिये उनको वे आसानी से हासिल कर सकें । उन ज़रूरी रेकार्ड्स और कागजात को डिस्ट्रौय कर दिया जाता है । इसलिए इन तमाम चीजों को देखते हुए मैं यह सुझाव दूंगा कि हमें इन खामियों को दूर करने के लिए फिर दुबारा विचार करना पड़ेगा ताकि इनवैस्टिगेशन अच्छी हो और जो उसका मक़सद है वह उससे पूरा हो

[श्री राम कृष्ण]

सके । इस किस्म की हजारों मिसालें आपको मिलेंगी । उदाहरण के तौर पर मैं एक छोटी सी मिसाल आपके सामने रखना चाहता हूं । मेरे हलके में टी० आई० टी० के नाम से एक मिल है जिसको कि बिड़ला ब्रदर्स कंट्रोल करते हैं । उस कम्पनी के बारे में कई दफ़े इस किस्म की शिकायत की गई कि इसके मुताल्लिक़ इनवैस्टिगेशन शुरू की जाय । मैं काफ़ी कोशिश करने के बावजूद भी यह मालूम नहीं कर सका कि यह मामला किस मरहले पर है हालांकि शिकायत के अन्दर बड़ा सीरियस एलिगेशन है मसलन् डबल एकाउन्ट्स रखना, बैलेंसशीट वग़ैरह को चेंज करना और इसी किस्म की बहुत सी बातें थी । इसलिए मैं अपील करूंगा कि हमें इनवैस्टिगेशन को पूरा करने के लिए इस कानून को भी थोड़ा बहुत अगर तबदील करना पड़े तो कोई हर्ज नहीं क्योंकि जो इनवैस्टिगेशन शुरू होती है अगर वह ठीक ढंग से पूरी नहीं होती है तो उससे कोई फ़ायदा नहीं बल्कि उससे नुक़सान होता है ।

तीसरी बात जो इस ऐक्ट के तहत कम्पनी ला ऐडमिनिस्ट्रेशन के आरगेनाइज़ेशन के सेट अप की है, उसके बारे में भी मैं थोड़ा सा कुछ कहना चाहता हूं ।

इसके तहत बहुत से रीजनल आफिसर मुकर्रर किये गये हैं और इनके तहत रजिस्ट्रार्स मुकर्रर किये गये हैं । मेरे ख्याल में रजिस्ट्रार्स की तादाद इस काम को पूरा करने के लिए काफी नहीं है ।

बम्बई और कलकत्ते के अन्दर कम्पनीज़ काफ़ी ज्यादा हैं और वहां यह काम बहुत ज्यादा बढ़ रहा है । इसलिए मैं इस बात पर जोर दूंगा कि ऐसे बड़े बड़े शहरों के लिए जहां कि कम्पनीज़ की तादाद ज्यादा बढ़ रही है, उन शहरों के लिए इनवैस्टिगेटर्स की तादाद जरूर बढ़ाई जाय ताकि काम ठीक चल सके और उसके साथ ही रजिस्ट्रार्स की तादाद भी बढ़ाई जाय ताकि वहां पर काम सफ़र न करे और यह काम आसानी से पूरा हो सके ।

मिसाल के तौर पर अगर स्टेटवाइज़ तमाम कम्पनियों को देखा जाय तो आप देखेंगे कि जितनी कम्पनियां बंगाल और बम्बई में हैं उतनी दूसरे प्रान्तों में नहीं हैं लेकिन रजिस्ट्रार्स की तादाद सब के लिए यकसां है । इसलिए मैं इस बात पर खास तौर से जोर दूंगा कि जिन स्टेट्स के अन्दर कम्पनीज़ ज्यादा रजिस्टर्ड हो रही हैं वहां रजिस्ट्रार्स और इनवैस्टिगेटर्स की तादाद बढ़ाई जाय ।

तीसरी बात जो मैं बहुत जरूरी समझता हूं और जिसको कि मैं हाउस के सामने रखना चाहता हूं वह यह है कि जब से यह ऐक्ट बना है देश के अन्दर यह टेंडेंसी बनी है और यह टेंडेंसी बढ़ती जा रही है कि जो पबलिक लिमिटेड कम्पनीज़ हैं उनको प्राइवेट कम्पनीज में चेंज कर दिया जाय । इस रिपोर्ट में भी इस बात का ज़िक्र किया गया है और सफ़े १३ पर कहा गया है :

> "227 public companies were reported to have converted themselves into private companies in order to escape from some of the restrictive provisions of the Act."

इसलिए मैं इस बात के लिए खास तौर पर जोर दूंगा कि हमें इस तरफ ध्यान देना चाहिए । आनरेबुल डिप्टी मिनिस्टर ने भी मेरे एक क्वैश्चन का जवाब देते हुए इस बात की तरफ ध्यान दिया और कहा था कि वाक़ई पबलिक कम्पनीज जो कि प्राइवेट कम्पनीज में चेंज हो रही हैं उनकी तादाद बहुत ज्यादा बढ़ रही है, इन कम्पनियों को प्राइवेट कम्पनीज में चेंज करने का एक ही मक़सद है कि पबलिक लिमिटेड कम्पनीज पर जो रिस्ट्रिक्शंस लगाये गये हैं, उनसे वे बच जाय । अगर आप ऐसा करने के लिए तैयार नहीं तो इसका दूसरा

उपाय यह भी हो सकता है कि वे रिस्ट्रिक्शंस प्राइवेट कम्पनीज पर भी लगा दिये जायें ।

चौथी बात जो मैं इस सिलसिले में कहना चाहता हूं कि वह यह है कि इस ऐक्ट के तहत पब्लिक ट्रस्ट कम्पनीज को कुछ एग्जम्पशंस दिये गये हैं । और उनके ऊपर इस ऐक्ट की जो दफात हैं वे लागू नहीं होती। जहां तक मैं समझता हूं इसको करने का यही मकसद था कि किसी पब्लिक काम के लिए लोगों की भलाई के लिए कोई ऐसी कम्पनी बनायी जाये जिसका प्राफिट पब्लिक काम के लिए यूज हो। उस कम्पनी के ऊपर कोई इस किस्म का रिस्ट्रिक्शन नहीं होना चाहिए। मैं इस ख्याल के खुद हक में हूं लेकिन हमें यह देखना चाहिए कि उन ट्रस्ट्स की आड़ में कहीं ऐसा तो नहीं होता कि बहुत सी कम्पनीज बनाये नाम तो ट्रस्ट के तहत बना दी जाती हैं लेकिन उनका मुनाफ़ा दरअसल जो उनके चलाने वाले हैं उनकी जेबों में जाता है । तो इसलिए मैं यह अपील करूंगा कि अगर किसी कम्पनी को एग्जेम्पशन दी जाये तो उसके लिए पूरी जांच पड़ताल होनी चाहिए । पूरी जांच पडताल के बगैर ऐसी कोई एग्जेम्पशन न दी जाये ।

दूसरे में यह चाहता हूं कि अगर एग्जेम्पशन दी भी जाये तो उस कम्पनी के इन्तिजाम पर उसके बोर्ड आव डाइरेक्टर्स पर स्टेट का पूरा कंट्रोल होना चाहिए । आप कहते हैं कि हम उसको इग्जेम्पशन इस लिए देना चाहते हैं कि उसका प्राफिट लोगो की भलाई के लिए पब्लिक परपेजज के लिए इस्तेमाल होगा । तो मैं नहीं समझता कि उसके ऊपर स्टेट का, पब्लिक का भी कंट्रोल क्यो न हो। इसलिए मैं यह चाहूंगा कि :

१. जो भी एग्जेम्पशन दी जाये वह काफी सोच विचार के बाद दी जाये और

२. उसके ऊपर स्टेट का कंट्रोल होना चाहिए ।

इसके बाद मैं दो तीन बातें company 1956 ऐक्ट के बारे में भी कहना चाहता हूं क्योंकि इस ऐक्ट के अन्दर बहुत से ऐसे क्लाजेज हैं जिनको amend करने की जरूरत है

श्री अजराज सिंह : (फिरोजाबाद) : कोरम नहीं है ।

Mr. Chairman: The bell is being rung....

Now, there is quorum. The hon. Member, Shri Ram Krishan may continue.

श्री राम कृष्ण: सभापति । जी मैं यह कह रहा था कि तीसरी मेरी तजवीज इस सिलसिले में यह है कि यह भी बात आपके नोटिस में आयी होगी कि बहुत सी कम्पनीज में शेयर फिक्टीशस नाम रखे जाते हैं । दर असल शेअर और किसी के नाम से होते हैं मालिक दूसरा और कोई होता है । इस तरफ़ भी ध्यान देने की खास तौर पर जरूरत है और इसके लिए भी मैं अपील करूंगा कि इस ऐक्ट को इस ढंग से अमेंड किया जाये ताकि इस किस्म की बातें न हो सकें । बल्कि मैं तो यह सजेस्ट करूंगा कि जो इस तरीके से शेयर्स रखे जाते हैं इस ऐक्ट के तहत गवर्नमेंट के पास पावर होनी चाहिए ताकि वह उन शेयर्स वगैरह पर भी पूरा कंट्रोल कर सके ।

इसके बाद जैसा कि मैं ने आपसे जिक्र किया तजर्बे की बिना पर हमें इस ऐक्ट की कुछ दफात को अमेंड करना पड़ेगा । मैं उन दफात की तरफ हाउस का ध्यान दिलाना चाहता हूं । आजकल हम सोशलिस्टिक पैटर्न की सोसाइटी कायम करना चाहते हैं। इसलिए हमें इस ऐक्ट को भी ऐसे ढंग से चेंज करना पड़ेगा ताकि उस मकसद के लिए हमें इससे मदद मिल सके । मैं

[श्री राम कृष्ण]

यह बात खास तौर पर इसलिए कहता हूं कि अगर आज हम पब्लिक कम्पनीज पर पूरे तौर पर कंट्रोल करने में कामयाब हो जाते हैं अगर उनकी तरफ़ से जो ज्यादतियां होती हैं जो इनकम टैक्स की रकम को इवेड किया जाता है इन तमाम चीजों पर काबू पा जायें तो मुझे पूरा विश्वास है कि हमारी बहुत सी दिक्कतों का हल हो जायेगा । इसलिए मैं इस बात पर खास तौर पर जोर देता हूं ।

सबसे पहली मेरी तजवीज है कि हमें सेक्शन ४३ को इस ढंग से चेंज करना चाहिए जिससे कि प्राइवेट कम्पनी पर भी इस ऐक्ट में जो रेस्ट्रिक्शन्स हैं वे एप्लाई हों या ऐसा कर दिया जाये कि कोई पब्लिक लिमिटेड कम्पनी प्राइवेट लिमिटेड कम्पनी में चेंज न हो सके ।

इसके साथ साथ सेक्शन २११ के तहत बैलेंसशीट्स और एकाउट्स पेश किये जाते हैं इस पर भी मैं चाहता हूं कि गवर्नमेंट का पूरा कंट्रोल होना चाहिये । इसके लिये इस सेक्शन को इस ढंग से चेंज किया जाये जिससे कि बैलेंसशीट्स और एकाउंटस के बारे में सही हालात गवर्नमेंट के सामने आ सकें और जो आडिटर्स वगैरह मुकर्रर किये जायें उनके मुकर्रर करने में भी गवर्नमेंट का हाथ हो । मुझे विश्वास है कि अगर हम उनके बैलेंसशीटस और एकाउंट्स को ठीक ढंग से चैक करने में कामयाब हो जाते हैं तो काफी से ज्यादा हमारा उन कम्पनीज पर कंट्रोल हो जायेगा और हम मालूम कर सकेंगे कि उन कम्पनीज के अन्दर कितना मुनाफ़ा होता है ।

सेक्शन २३७ के तहत जो इनवेस्टीगेशन की कार्रवाई शुरू की जाती है उसके मुताल्लिक तो मैं काफी कह चुका । सिर्फ मेरी यह तजवीज है कि एक लिमिट मुकर्रर की जाये जिसके अन्दर इस्पेक्टर रिपोर्ट पेश करे । इस रिपोर्ट को देखने से पता चलता है कि बहुत से ऐसे केसेज हैं जिनकी इन्क्वायरी एक डेढ़ साल से ज्यादा अर्से से चल रही है लेकिन रिपोर्ट अभी तक पेश नहीं हुई है । इसके लिये मैं जरूर चाहूंगा कि कोई लिमिट मुकर्रर की जाये ।

इसके बाद प्रासीक्यूशन का सवाल है । इसका मैं ने पहले भी जिक्र किया था । सेक्शन २३७ के तहत आप इनवेस्टीगेशन कराते हैं । उसके बाद आप उस आदमी को क्या सजा दे सकते हैं, आपके पास क्या पावर है । सेक्शन २५० को देखने से आपको पता चलेगा कि बहुत से केसेज के अन्दर आप कुछ नहीं कर सकते । मैं आपसे सवाल करना चाहता हूं कि ऐसी हालत में इनवेस्टीगेशन करने का क्या मकसद है । आपने बहुत से ऐसे केसेज की इनवेस्टीगेशन की जिनमें पाया गया कि ओनर और कोई था और शेयर किसी और के नाम थे। मैं आपसे पूछना चाहता हूं कि आप किस सेक्शन के तहत ऐसे लोगों के खिलाफ़ कार्रवाई कर सकते हैं । आपके पास कौनसा कानूनी अधिकार है । इसलिए मैं इस बात पर जोर दूंगा कि हमें इस सेक्शन को भी तबदील करना चाहिए ताकि अगर इनवेस्टीगेशन से शिकायत साबित हो जाये तो उस आदमी को मुनासिब वक्त के अन्दर सजा मिल सके ।

इसके बाद मैं यह कहना चाहता हूं कि सेक्शन २७५ के अन्दर डाइरेक्टर्स को बहुत ज्यादा अख्तियार दिये गये हैं । वे दस दस कम्पनीज के डाइरेक्टर बन सकते हैं । मैं समझता हूं यह बहुत ज्यादा पावर है । इसको भी हमें चेंज करना पड़ेगा ।

इसके बाद मेरी यह तजवीज है कि सेक्शन ३९७ को भी अमेंड किया जाये । सेक्शन ३९७ के तहत जिस शख्स को कोई

शिकायत है या गवर्नमेंट को मैनेजमेंट से शिकायत है तो वह कार्रवाई कर सकती है। इस सेक्शन में भी बहुत ज्यादा लूपहोल हैं।

ये तमाम बातें मैं ने इसलिए कहीं कि इन पब्लिक लिमिटेड कम्पनीज पर हमारा पूरा कंट्रोल हो जाये। हिन्दुस्तान में काफ़ी से ज्यादा पब्लिक लिमिटेड कम्पनीज हैं, जिन के पास बहुत सा सरमाया है और उस सरमाये को डायरेक्टर्ज वग़ैरह काफ़ी से ज्यादा मिसयूज भी करते हैं। अभी कल इस हाउस में जिक्र आया था कि किस तरीके से कम्पनीज के पैसे को अंडर इनवायस और ओवर इनवायस कर के एक्युमुलेट किया जाता है और हिन्दुस्तान में ही नहीं, बाहर के बैंकों में उस को रखने के लिए और इन्वेस्ट करने के लिए कोशिश की जाती है।

इन सब बातों को देखते हुए हमें कोई न कोई ऐसा तरीक़ा ज़रूर अख्तियार करना पड़ेगा, जिस से इन कम्पनियों पर हमारा पूरा अधिकार हो। १९३९ से ले कर आज तक जितना पैसा इन कम्पनियों ने कमाया है, अगर उस का सही अंदाजा लगाया जा सके और सही ढंग से उस का इनकम टैक्स असेस हो जाय, तो सैकेंड फ़ाइव यीअर प्लान ही नहीं बल्कि थर्ड फ़ाइव यीअर प्लान के लिए भी आसानी से रास्ता खुल सकता है। इस लिए मैं यह बात खास तौर पर कह रहा हूं।

अन्त में मैं दो तीन तजवीजें हाउस के सामने पेश करना चाहता हूं? हमें इस एक्ट के तहत एक ऐसी क्लाज रखनी चाहिए, जिस से हम एक ऐसा कमीशन मुकर्रर कर सकें, जो बड़ी बड़ी कम्पनीज द्वारा १९३९ से लेकर आज तक कमाए गए पैसे की एन्क्वायरी कर सके और मालम कर सके कि दर-असल मुनाफ़ा क्या था और उन्होंने जो कितना किया।

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इन्वेस्टीगेशन एन्क्वायरी कमीशन के मुताल्लिक मैं यह कहना चाहता हूं कि यह कमीशन एक खास ऐक्ट के तहत एक खास कनसर्न की एन्क्वायरी करने के लिए मुकर्रर किया गया है। इस में काफ़ी समय लगा। यह मुनासिब होगा कि इस ऐक्ट के तहत एक पर्मानेंट बाडी मुकर्रर कर दी जाय, ताकि अगर इस किस्म के केसिज आईन्दा हों, तो वह खुद एन्क्वायरी कर सके। इससे काफ़ी से ज्यादा मदद मिलेगी और इन्वेस्टीगेशन की कार्यवाही में देर नहीं लगेगी।

इन शब्दों के साथ मैं फिर अपील करूंगा कि हमें इस ऐक्ट को अमेंड करने के लिए एक कमेटी बनानी चाहिए, जो कि तमाम एक्ट पर दोबारा विचार करे और मालूम करे कि हमारा जो मकसद था, हम उस में कोई क्यों कामयाब नहीं हुए, उस में क्या क्या खराबियां रह गई है, ताकि उन को दूर कर के हम एक नया ऐक्ट तैयार कर सकें, या इस में अमेंडमेंट कर सकें, जिस से पब्लिक कम्पनीज पर हमारा पूरा कंट्रोल रहे। मुझे पूरा विश्वास है कि ऐसा करने से हमारा रुपए का मसला और गवर्नमेंट की आमदनी का जो सवाल है, वह हल हो सकता है।

मेरी यह भी राय है कि जो रिपोर्ट पेश की गई है, वह काम्प्रिहैंसिव नहीं है। इस में १९५६–५७ को जो केसिज एन्क्वायरी के लिए मुकर्रर किए गए हैं, उन की डीटेल नहीं है। इस लिए मैं अपील करूंगा कि रिपोर्ट भी काम्प्रिहैंसिव होनी चाहिए, ताकि हाउस को पता लग जाए कि कौन कौन सी ऐसी कम्पनियां है, किन किन कम्पनियो के खिलाफ़ एन्क्वायरी हो रही है, वह एन्क्वायरी किस स्टेज पर है और उस को पूरा करने के लिए आगे क्या करना पड़ेगा।

Mr. Chairman: Motion moved:

"That the Annual Report on the working and administration of the

[Mr. Chairman]

Companies Act, 1956 for the year ended 31st March, 1957 laid on the Table of the House on the 31st March, 1958, be taken into consideration."

Shri Bimal Ghose (Barrackpore): It is a matter of some satisfaction that the report which we are discussing gives us much valuable information, which phenomenon, I concede, is indicative of the fact that the company law administration is working somewhat better than it was doing before 1956. I am aware that it is not saying much because before 1956 the company law administration was not only lax, but more or less absent, and I am also conscious that much yet remains to be done

I want first to draw your attention to a few observations in this report, and then make a few suggestions

In Chapter II in regard to the registration of new companies, it is stated that the fall in registration is due to certain factors, and the report expects that the tendency will again be for more registrations later on. I do not understand the underlying implication of that observation, because I believe one of the purposes of the new Companies Act was to prevent the growth of mushroom companies and we should have expected that the registrations would decline, and it is not a bad thing that there should be a decline in new registrations as such Moreover, there has been a complaint in some quarters that there has been less private capital forthcoming in the private sector, and that it is due to the rigours of the Companies Act But that also is not, to my mind, a very relevant criticism, because the capital that was required either for the private or the public sector was provided for in the Plan, and if less was provided for the private sector compared to earlier years, there would be less capital raised. The question is whether the capital that was needed in the private sector was coming forward, and if not, what are the reasons? Is it the new Companies Act or other taxation measures that have been responsible for the new capital not forthcoming to the extent that it was doing previously?

I should also like to refer you to certain other defects in company administration that are pointed out in the report, namely, a tendency of public companies to convert themselves into private companies, or of managing agents into sole selling agents. It is stated in the report that this development is being watched. About ten months have gone by. I should like to know what has been the result of such investigation, and whether any action is contemplated

There is also reference to untenable practices in respect of inter-company investment. I should like to know what the position now is and whether Government propose to extend the scope of control now exercised only in regard to inter-company investments under same managements to investments by one company in any other company

Then there is also a reference to difficulties encountered in regard to the conduct of investigations into the affairs of companies What is the Government's proposal to overcome those difficulties?

Although we enacted a very elaborate Companies Act in 1956, I believe it has to be conceded that it does not appear, compared to the position prior to 1956, either to have improved substantially the quality of management or the consciousness of shareholders about their rights. I want to say a few things on both. First, I shall take up the question of shareholders' consciousness That shareholders evince very little interest in the companies whose shareholders they are is borne out by the fact that special resolutions are passed without any difficulty. As a matter of fact, a reference is made to that phenomenon

in the report itself At page 19, the report says

> "The ease with which such resolutions are reported to be passed and the comparatively few cases in which such resolutions have been thrown out are a pointer not so much to the confidence in company managements in general as to the need for better awareness of their rights and responsibilities by shareholders"

In this situation, I have a few suggestions to make as to what is to be done

I should like the hon Minister to consider whether this elaborate provision in regard to special resolutions, particularly, in regard to over-aged company directors and appointment of relations, is still necessary, and whether that purpose might not be served by an advertisement in a newspaper, with the added proviso that if a certain percentage of the shareholders, let us say, two per cent or five per cent, should take an objection then a special resolution will have to be passed For, this provision creates a lot of difficulties and expense for companies I would like the hon Minister to consider whether it is worth while having this provision even now

The second question is how to make the shareholders more conscious of their responsibilities One solution would be to sponsor shareholders' associations in all areas which are industrially important I do not know what Government can do about it Of course, I am sure they would be willing, and they would give all assistance But if they can do something to help sponsor these associations, that would be a welcome thing I know that it may also have a bad effect, because, sometimes, the shareholders' associations may intimidate private companies, as we know some not-well-conducted trade unions sometimes intimidate their employers In the same way, there is a danger here also, but if they are well run they will be very helpful to the shareholders

The third suggestion I would like to make is that Government may consider the appointment of an officer at the office of every registrar, wherever there is a registrar of companies, who will be like a public relations officer, and whose duty it would be to give service to the shareholders Most of the shareholders are now ignorant of their rights Take, for instance, the case of the rebate of income-tax Many shareholders are entitled to it, because the income-tax which a company pays is at a higher rate, but that rebate is not taken advantage of by them because they do not know the rules; and of course, Government gain But still it is the shareholders' dues, and if there were somebody who could educate them and tell them what to do, I believe they would be benefited Of course, if such a public relations officer were appointed, it should be advertised widely, and the functions he could perform should also be advertised

When we come to the question of managements it is agreed that what is necessary is a continuous watch on management A post-mortem, and that too very overdue post-mortem is often useless What this Company Law Administration is doing is in the nature of what the Public Accounts Committee does and that is not very helpful We have always to keep a continuous watch on the companies, I believe it is necessary not only that there should be an adequate organisation for that, but also that the organisation which will be keeping that watch should have charge of all agencies dealing with the corporate sector as such That is a very important matter

When the Companies Bill was under discussion, there was a lot of controversy as to what sort of administrative machinery should be set up for overseeing the working of the companies. There was a proposal for the setting

[Shri Bimal Ghose]

up of a statutory organisation. There was also an alternative proposal for a department to be in charge of that administration. For reasons which were explained by the then Finance Minister, the second alternative was accepted but he had given an assurance that company management and all related subjects would be dealt with by that department, whatever the department might be; call it the Department of Company Law Administration or call it the Economic Affairs Department, that is immaterial, again, it may be attached to the Finance Ministry or to the Commerce and Industry Ministry, that is also immaterial What is necessary is that all the agencies dealing with companies should be brought together under one control. The assurance which the then Finance Minister had given was in the following words:

> "The responsibility of this Department, namely the Company Law Administration will include not only the administration of the Companies Act but also such other institutions as are closely connected with the operations of the companies as far as stock exchanges, financial corporations, capital issue control etc are concerned."

When the Department of Company Law Administration was started, I believe most of these institutions were under the control of that department. Since then, many of them like stock exchanges, financial corporations, capital issue control etc. have been taken out of its scope of activities. I do not understand why, because the procedure that we had established was a wholesome one, and that obtains also in foreign countries, whether in Great Britain or in U S A In U S A there is a statutory body; in Great Britain it is an administrative department; but whether it is a statutory body or an administrative department, the principle is accepted that it is desirable that the department concerned should deal with all the agencies that have anything to do with the corporate sector

It has become very important today because we are pursuing a particular economic and social policy. Whether that policy is being fully implemented should be looked into by some centralised agency. Company management has become so important that it is not merely a question of shareholders today but it is a question of the utilisation of our scarce resources. Then, it is a question of assuring suitable conditions of work and adequate scope of employment to the labourers. So, it also impinges on the question of employment

Let us take this case For example, so many textile mills have closed down And why are they closing down? Can there be no agency to see in time why they are closing down? Some may be in financial difficulties, but many closures probably are due to management defects But the management defects are detected long after the closures take place But if we had an institution which could oversee all the time how the managements are functioning, then I believe that not only can we save much in the way of our industries but it will also have a good effect on the employment problem I believe that the question of law and order in company management today is as important as it was considered to be by the old British Government in the political sphere. The question of economic development is supreme today Therefore, I feel very strongly on this point, and I would like to know what the attitude of not only the Minister but of Government is to this matter, because so many departments are dealing with companies. Now, some are carrying on investigations through other departments Of course, the Commerce and Industry Ministry also carries on investigations, as for example, under the Industries (Development and Regulation) Act. I do not know whether that is also done through the Department of Company Law Administration If not, there should be a liaison between the

agencies carrying on such investigations because unless all information about companies is pooled together in one particular place, I do not think we shall have a good control over companies and be able to rectify defects in management and assure good management, that is necessary in order to implement the Plan that we have taken in hand, and also to assure the success of the social and economic policy that we have in view Therefore, I think, that this matter deserves very great attention, namely, that not only all agencies should be brought together but there should be a continuous watch

In this connection, I would quote from the observations of the Company Law Committee which explained the necessity for continuous watch It says

> "The law can only provide against abuses which have already appeared and are widespread The law which is appropriate to one set of circumstances becomes out of date when those circumstances change It is not beyond the wit of man to circumvent the law The weary task of reform must begin from where it has ended It is only an appropriate organisation whose function is to maintain a close watch over the working of joint stock companies that can oversee the operations of the Companies Act and can keep track of new tendencies and developments and recommend suitable changes in the existing law either to nip the growing evils in the bud or to remove hampering restrictions"

I ask the hon Minister as to whether they have this organisation today If they have not, do they consider it necessary to build up such an organisation, and if so, whether they will do something soon? Because so many companies are closing down today on account of bad management, I believe the defects could be dealt with properly if these cases were taken up in time, which would mean that there would not be so much waste of capital nor unemployment which closures occasion

Therefore I would again draw the attention of the Minister to this important problem and give his serious thought to it

Shri Narayanankutty Menon (Mukandapuram) Normally in a discussion of this kind only the subject-matter of the Report is discussed—shortcomings of the Report and also certain aspects highlighted in the Report But I submit that in this case the whole subject-matter of the Report is so important and it is so interlinked with the entire company law in general that the discussion cannot strictly be confined to those points raised in the Report and those happenings during the year the company law administration was functioning

Going back to the past history of the Companies Act itself, after a long and protracted debate covering almost 55 hours, this House passed the Indian Companies Act You will find from the trend of the discussions during the debate the anxiety of this House was not to have certain technical provisions incorporated here and there, but the unanimous opinion of the House was that the maladies which existed prior to 1956 should at least be partially controlled or to an extent put an end to After the Act came into force after that organisation which was the custodian and watchdog according to the words of the then Finance Minister, administered the company law for a year, this is the first opportunity the House has to test the real effects of the meritorious provisions of the Act which from all parts of the House were the subject of criticism Assurances after assurances were given by the then Finance Minister that according to his convictions and according to Government's opinion, the provisions incorporated in the Bill at that time were sufficient to put a check on the maladies

[Shri Narayanankutty Menon]

existing in the administration of companies throughout India at that time. Further it was emphasised that in order that the overall policy of Government and Parliament be implemented, in order that there should be a check on the activities of private capital, in order that there should be a certain formulation in investment and also in the way in which private capital functioned in this country, the Companies Act would be a weapon in the hands of Government. In the light of these assurances and laudable objectives of the Act, the House should, when we are considering the first Report of the Company Law Administration, review the whole aspect and see how far those promises and objectives have come to successful fruition.

The primary principle when amending the Indian Companies Act comprehensively was first of all, to conform the functioning of these companies to the declared policy of Parliament the oft-repeated and sometimes too much repeated socialist pattern of society. It is not possible for any government or society to leave such a large chunk of capital which plays an important part in the formulation of economic policies in the country to a certain state of anarchic affairs in the hands of private capital which has got nothing to do with the Plan. Therefore, in the interest of the State itself, in the interest of the successful working of the Plan itself, there should be a certain amount of civilised and democratic control over private capital in this country.

The second objective was that the interests of the small shareholders should be protected by checking the activities of directors who hold a very large amount of shares, that is, the oft-repeated tyranny of the directors should be put an end to. The paramount consideration should be: how far these objects have been fulfilled by the new Companies Act?

First of all, how far, by the introduction of the new Act, have Government succeeded or this Parliament succeeded in putting an end to or at least in controlling the maladies that existed as far as the operations of limited companies prior to 1956 are concerned? When we look into the history of the past one or two years after 1956, we find that even after the incorporation of these laudatory provisions in the Act, nothing has been done in that respect and private capital, as is invested in the private limited companies, is going on unbridled on its own course, and those maladies that existed in 1956 exist today, except for the fact that there has been a skin-deep scratch made.

I will first deal with foreign companies. When questions are put about foreign companies, Members of the Cabinet rise up and say that it is impossible to understand the real financial state of affairs of certain companies. When detailed questioning is done on the accounts of the foreign companies, the Cabinet Ministers say that they are helpless in the matter because the only obligation of the companies under the Indian Companies Act, in the words of the Minister of Mines and Oil, is to deposit a piece of paper called the balance sheet with the Registrar of Joint Stock Companies, from which something may be made out or at times nothing could be made out. How much has been earned by the company in a particular year, how much is the expenditure incurred, how much tax is paid, how much has been paid to the foreign employees and how much to the Indian employees—all these details could not be had even for the purpose of information in the Central Intelligence of this country.

I can submit before the House that these foreign companies, in spite of the provisions in the Act, have no uniform method of keeping accounts. With particular reference to certain questions answered here, we have come to understand that especially in the case of oil companies which control the

maximum amount of foreign trade in this country, there is no uniform method of keeping any accounts at all This is not based on what I alone say On the 20th May, Government entered into an agreement with the oil companies in which the latter agreed to pay on the interim basis Rs 10 crores subject to the condition that the government auditors and accountants would examine the accounts of the oil companies and find out what is the real state of affairs Six months have passed The government accountants have gone to the oil companies, but till now they are not able to understand even a single piece of paper that the foreign companies have got because the entire accounting is done on the code system on the slotting machine, and Government are afraid to admit that they are not able to understand it

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): How is that matter connected with the subject under discussion? It is not even remotely connected

Shri Narayanankutty Menon: It is very relevantly connected

Mr. Chairman: The very purpose of enacting the new Companies Act was to get more control over these companies He is complaining that so far as foreign companies are concerned, there are no provisions whereby Government can ask them to place their full accounts before the Government

Shri Bimal Ghose: As a matter of fact, there was no proposal when the Companies Bill was being discussed to make any distinction between Indian and foreign companies Of course, there is no objection to what he says

Mr. Chairman: The hon Member's complaint is that the Companies Act is not sufficient to exercise control over foreign companies There is no warrant for saying that control which was expected to have been got by the Act over these companies has been got The hon Member says that there are no provisions and, therefore, you cannot get the foreign companies to .

Shri Bimal Ghose: There was no discussion about that But his criticism as such is a valid criticism

Shri Narayanankutty Menon: Even the answer given on the floor of the House in reply to starred question No. 194

Mr. Chairman: If there are no provisions, then, it follows that the company administration cannot do anything in respect of those companies. Therefore, there is a case for criticism of the working of the Companies Act as it exists and there is no use complaining that the company administration has not been careful in so far as this report under discussion is concerned

Shri Bimal Ghose: He is suggesting an amendment

Shri Narayanankutty Menon: Sir, I said in the very beginning that instead of confining the discussion to

Mr. Chairman. As a matter of fact, we find that when we are discussing this report, suggestions are coming from the hon Mover of the motion and also from other hon Members that the Companies Act is defective and should be amended Then there is a case for bringing a motion to that effect. But here we are only reviewing the working of the Act—the administration of the Companies Act since 1956

Shri Bimal Ghose: May I say that the Viswanatha Sastri Committee's recommendation is referred to in this report? It has recommended certain amendments of the Act and, therefore, this becomes relevant

Mr. Chairman: Is there any recommendation relating to foreign companies?

Shri A. C. Guha (Barasat) There is a chapter on foreign companies in this report.

Mr. Chairman. Therefore, I say that this debate is developing really into a debate for suggesting amendments to the Act But now we are reviewing the working of the Act There is no objection on the part of the Chair to allow these things being mentioned as suggestions in respect of the amendment of the Companies Act

Shri Narayanankutty Menon. May I submit that when the working of the Companies Act during the previous year is being reviewed and certain defects are noticed not only in the working but also as regards certain sections of the Act which are referred to in the report it is for the House to decide whether in reviewing the report we should not suggest suitable steps as far as the Government is concerned for plugging certain loopholes that are found in the Act So, to a very limited extent

Shri Braj Raj Singh May I submit in this connection that the terms of reference of the Viswanatha Sastri Committee are —

(a) to overcome practical difficulties in its working,

(b) to remove such obscurities in it as may have interfered with its proper working,

(c) to ensure better fulfilment of the purposes underlying it, and

(d) to consider what changes in its form or structure, if any, are necessary or desirable to simplify it

Shri Satish Chandra. We are not discussing that report here We are discussing the administrative report on the working of the Act during 1956-57

Shri Bimal Ghose: In the report we see

Shri Braj Raj Singh. This is in the terms of reference of the Company Act Amendment Committee

Mr. Chairman: That is exactly the objection—that we are not considering the report Viswanatha Shastri Committee (*Interruptions*)

As a matter of fact, the notice which was given by hon Members mentions certain points on which the attention of the House would be focussed There it is stated that the following are the points

1 Loans to directors,

2 Inter-company investments,

3 Courts' liberal attitude in cases of infringements of the provisions of the Act,

4 Limited power of investigation, and

5 Administration of the Companies Act and its connection with allied matters

These are the only points mentioned and the hon Member should confine his attention to them.

Shri A C Guha: Sir, I think that is not a correct statement of the position I was also asked by the Lok Sabha Secretariat to give some points I said categorically that it is not possible to give an exhaustive list of all the points I only mentioned that among other things these are the few points I would wish to touch

Mr Chairman: The only purpose of asking the hon Members to give the points is that these points only should be mainly discussed The Chair is there to permit the discussion of any other points that may be coming up But these points are new and are not mentioned in the notice They are not even remotely relevant to the discussion of the report Then the discussion would roam over very large subject and become very wide of the

mark. It is very difficult to answer all those points unless specific attention is drawn to them in the matter. The hon. Minister may or may not be ready with those points which were not mentioned in the notice. He may not be quite prepared with regard to all those other points. If it becomes a roving discussion it will become very difficult to control it as also to give proper replies.

Shri A. C. Guha: I may submit that the Lok Sabha Secretariat's letter mentioned that if we so desire we may mention the points on which we wanted to discuss so that the Minister may be ready It was not compulsory on our part to give the points exhaustively.

Moreover, these foreign companies form the subject of one of the chapters in this annual report. There is a separate chapter on foreign companies. So, by its very nature it cannot be said that it is irrelevant.

Mr. Chairman: If the rules require that the points should be mentioned, what is the purpose of that requirement? The only purpose is that it would be open to the hon. Members mainly to focuss the attention of the House on those points. If the rules do not require that all the points need be mentioned, it does not mean that a discussion on the whole of company law is possible on account of the consideration of the annual report. I am not going to be very strict so far as this is concerned. But what I would expect is that the discussion shall mainly be focussed on those points which are mentioned

Shri Narayanankutty Menon: When an annual report is under discussion and details are mentioned in each chapter, the hon Minister should have expected that those facts which are contained in each chapter would come up for discussion apart from the points on which the hon. Mover might have indicated his intention to speak. My submission is that whatever I have stated and what I am going to state hereafter will very clearly and safely come within the points that have been raised This particular point is relevant in the reference to foreign companies—in connection with the point of limited power of investigation because after signing that agreement with that company Government is absolutely powerless to get any details of the agreement under the Companies Act.

Mr. Chairman: According to the hon Member if he says that the expression 'limited power of investigation' is given in the notice, it only means 'limited power in respect of the powers confined in the Act' whether they should be widened or not. The hon Member stated previously that no powers are given so far as the foreign companies are concerned. If no powers are given, then any question of reviewing the powers not given in respect of foreign companies are exercised rightly or wrongly would be widening the scope of relevant discussion. In so far as that is concerned, in the absence of any powers in the Act itself, I hope the statement made by the hon. Member is certainly wide of the mark and is irrelevant.

Shri Narayanankutty Menon: On page 49 of the Report, it is said:

> "In May 1957, the then Finance Minister decided to set up an informal Committee to go into the Companies Act 1956 with the following terms of reference:—
>
> (a) to overcome practical difficulties in its working;
>
> (b) to remove such obscurities in it as may have interfered with its proper working;
>
> (c) to ensure better fulfilment of the purposes underlying it; and
>
> (d) to consider what changes in its form or structure, if any, are necessary or desirable to simplify it."

[Shri Narayanankutty Menon]

Certainly, if we have noticed any defects in the working of the Act, then any suggestions to get rid of those defects and also suggesting amendments to the Act is within the scope of the discussion on the report itself. Whatever I have submitted comes within the scope of discussion. It is stated on page 49 of the Report and the hon. Minister is expected to be prepared with all that. That is why I am bringing these matters here in an indirect way.

My submission was that the present provisions relating to foreign companies in the Indian Companies Act are not sufficient, because the way in which these foreign companies, in conformity with the provisions of this Act, have given you the accounts has not given any satisfaction as far as the Government is concerned. It has not given satisfaction as far as the Parliament is concerned; it has not given satisfaction as far as the country is concerned. A large amount of foreign capital is still being invested here. The Parliament having decided to have certain control and check as far as the working of that capital and the control of profits are concerned, if today when we are discussing the report of the Company Law Administration, we are powerless to decide about the real state of affairs of the particular company certainly the working of the Act has failed. It is high time the Government looked into that particular provision whereby the Government could get reasonable information of the working of the companies.

16 hrs.

According to the provisions of the Companies Act relating to the foreign and Indian companies, their balance sheet and profit and loss accounts are to be filed before the Registrar. The intention is made clear in the Act; it is to get a real state of affairs of the finances of that particular company for the previous year. Unless the Registrar and through him the Government gets the real state of affairs of the finances of these companies, the very purpose of that particular section which compels the companies to file these accounts will be defeated. Whatever might be the lacuna, it should be rectified. I am not saying there is no lacuna. The Government gives the interpretation that they should only deposit the balance sheets. Whatever it might be, I submit that the present state of affairs as far as the foreign companies are concerned is deplorable. The Government is not getting enough information on that subject. Many Ministers have repeatedly admitted while answering questions, the real account of even the foreign exchange that these people are spending in their travel and that the others are sending by way of trade transactions or profit is not being filed with the Registrar. So, it is high time that the Government comes forward with a better scrutiny of those provisions of the Companies Act and bring forward an amendment so that it will be in a position to know the real state of the finances of each foreign company as in the case of the Indian companies so that this deplorable and unsatisfactory situation will not prevail.

After incorporation many sections purporting to control the managing agency system and the interlocking of companies and monopolisation, is there any satisfactory change in these affairs of monopolistic groups which act to the detriment of the shareholders? According to this law, the directors are supposed to file with the Registrar the balance-sheet and the profit and loss account. It has been said that these should give a real picture of the transactions of the previous year and the profit taken. What is happening today is this.

In these companies, the real size of the profits is one and it is shown in

another way in the profit and loss account Concealed profits are being taken by many companies in the country We have instances where the directors who are the directors of more than ten or twenty companies getting a foreign exchange allowance of Rs 250 only from the Government go to America for business purposes and stay in the Waldof Astoria Hotel for fourteen or twenty days with this amount and then they come back to this country Later on, we find that these people are directors of more than fifteen companies at a stretch Their entire expenses are somehow met by these companies How can this House believe that businessmen going from India with Rs 250 as foreign exchange, can spend about three or four months in America staying at such big hotels? Where does this money come from? I am connecting the whole thing to the balance-sheet for one simple reason We find today that many of India's businessmen transacting business in overseas on behalf of their companies, with Government's blessings, are accumulating foreign exchange both in the United States and in the Continent How is it possible today? It is possible because of the way in which they are supposed to keep the account, the way in which the Government exercises its control and scrutinises the foreign exchange transactions and the way in which auditing is done That is why these people are able to accumulate foreign exchange without the knowledge of the Government or the Reserve Bank of India How can a single businessman who has got ramifications of business with different export and import companies amass foreign exchange without the knowledge of the Government? It is simple In a business transaction, while an invoice is made when a particular thing is imported, the whole invoice price is put in a way which has got no proportion at all to the real price But only the real market value is paid in the United States The difference is deposited in a particular bank in that country in the name of this businessman so that he can spend it without the knowledge of the Reserve Bank or the Government of India There is also nobody to scrutinise it on behalf of the shareholder or on behalf of the Government of India.

Again many of these exporting firms do not keep the normal account When they sell things they under-invoice things and the difference is kept there in the name of this businessman so that when he goes there every year—almost as a religious duty to travel to these countries—for business transactions, they are able to manipulate for another business transaction the excess foreign exchange there

Shri V P Nayar (Quilon) They take their wives and servants

Shri Narayanankutty Menon: All these things are possible because of the inadequate provisions in the Company Law and the incapacity and the inability of the Company Law Administration, because of the weakness of this Act to go deep into the question. Whatever might be the dubious methods used in manipulating accounts of a particular company, the auditor is helpless to probe into the real state of affairs of the company apart from accepting the transactions that had been given to the auditor He gives a simple certificate that as far as the books are concerned, he has got a proper account From the experience before us, they should have come to the conclusion that this sort of auditing and depositing of papers with the Registrar is not at all enabling us to know the real state of affairs The Government should consider what steps they could take under this Act, or what amendments they should bring if they are unable to take steps under this Act, to scrutinise and control these transactions in a better and effective way

All the sermons given in the Act and all the sermons that the hon. Minister is going to give us today about the interest of the small shareholders will remain on paper. The small shareholder even today after

[Shri Naravanankutty Menon]

this Act has come into existence, is the sorrowful spectator of the whole transaction done by a few directors. All the rights he has got under this Act are only a misnomer as far as the practical transactions are concerned. In the interest of the country, the small shareholder should be given better protection and it can be done only by amending the Act

In another kind of transaction also, the Government is completely helpless. How it cannot simply do anything is demonstrated even when so many trasactions which have happened are brought to its notice. A question was answered on the floor of the House yesterday. Whatever might be the merits of the case it is not proper for us to discuss the merits of that particular case, but a case has come to our knowledge where one industrialist who was given a certain amount of foreign exchange comes back from overseas, after spending almost double that foreign exchange, with double the amount of foreign exchange that was given to him. At the same time, he keeps an account of a hidden foreign exchange which is available for his benefit in the different banks overseas. If he would have been a businessman, a director of a single company, the malady would have been confined to the four corners of that particular company. But under cover of the law, under cover of Government's policy and also, to an extent, Government's own patronage and the patronage of big personalities, it is easily possible to have a situation where an individual director of one company is not a director of one company alone, but interlockingly he could control the entire finance of a big monopolistic concern which could lay its hands upon the export trade the import trade and also have a large amount of foreign exchange transactions because of the individual being a big man in a bank which controls large amounts of foreign exchange.

Sir, in spite of the working of the Companies Act, in spite of the sermon that monopoly has been put an end to, in spite of the sermon that interlocking of companies has been put an end to, these people are controlling with one hand big banks having power to transact large amounts of foreign exchange, and with the other hand they control different companies doing export trade, import trade and also home trade. Is it difficult, Sir, for a single individual to bypass the provisions of a simple, innocent Act and thus have concealed incomes in other countries where they have different Companies Acts and are able to have concealed incomes to a very large extent?

Therfore, I submit, this malady can be put an end to not only by withdrawing the patronages and privileges given to them; it can be put an end to only by exercising stricter control over these people so that they will not be allowed to put their finger into different pies. By this ramification of the whole mechanism of banking companies, export companies and manufacturing companies these people are able to accumulate, as I said, under their cover, a huge amount of illegal money both in this country and also unauthorised money overseas and the Government finds itself unable to find out.

Normally, this case having come limelight today—I am not saying anything against the particular individual, because I take it for granted that any individual of this type if he is given an opportunity to bypass and jump over law will be inclined to jump over law so that he will have more money as he himself has no security for tomorrow—that is a pointer today for the Government, that if this could happen at the Palam Airport as far as one industrialist is concerned there should be an alarming picture existing today as far as other industrialists are concerned with regard to the whole foreign exchange position and also company transactions.

My appeal to Government is, if you really want to put a stop to this malady, if you really want to put an end to this whole process of un-identified and hidden accounts, certainly you will have to do something more, certainly you will have to amend certain provisions of the Companies Act and come forward with certain aspects of the whole thing so that you may get even an idea of the whole transactions that these people are indulging in today

One more point I want to submit and I will conclude A pointed reference has been made in the annual report about upstream loans and how the Company Law Administration look into this Instances have come to light last year to show that the very idea of upstream loans is very fictitious in character A loan, Sir, means that there is an intention to pay it back If you look at these loans from this particular aspect, that essential quality of a loan is lacking; there is no intention to pay back at all. What is the result? In many textile mills, as my hon friend pointed out, we find that the managing agents who are managing the mills in a particular State take loans for some other charitable trusts or companies that they are managing. They take very huge amounts of money, during the past or preceding years and at the meeting of the next year, the whole thing is written off I do not know whether the hon. Minister knows this There is a very big textile mill in Kerala, managed by Alagappa Textiles There, lakhs and lakhs of rupees have been taken every year for the past several years, as loan for a charitable institution which he runs somewhere in Karaikudi The loan was never approved by the shareholders and then, later on, the whole question of loans came up before the body of shareholders. Some of the shareholders objected to that. But the directors simply said that the loan could not be recovered and that it should be written off. In effect, today, the whole loan was written off In the purchase of machinery, in the valuation of machinery, etc., it has been reported that in the same textile mill there was a lot of dubious transaction, and now, the mill is at the point of closure.

Shri Satish Chandra: Who gave that loan?

Shri Narayanankutty Menon: The managing agents

Shri Satish Chandra: I mean the loan to the company Was it given by the Government?

Shri Narayanankutty Menon: No, no. The Alagappa Textiles gave the loan to some charitable trust in Madras whose director is the late-lamented Alagappa Chettiar The director of the managing agency firm was also Shri Alagappa Chettiar and the director of the Alagappa Textiles was also Shri Alagappa Chettiar Now, what happened today is, the loan has been written off because it could not be recovered During the last year, when the workers demanded bonus, the accounts were shown and it was pointed out that Rs 8 lakhs have had to be written off and that therefore no bonus could be given not only this year but also for subsequent years. It was said that the loans could never be recouped and the losses never recouped

I have also heard recently that the entire affairs of the company have been in such a condition that something has to be done about The Company Law Administration has to go into the matter I have pointed out specifically this company But there are other such companies in other places too The industrial crisis, if such are the affairs, will become a major problem The question of retrenchment will become a major problem. All these questions are posed before the Government, and the Government tries to solve these problems in a different angle. But the main, root cause of all these problems lies

[Shri Narayanankutty Menon]

in the conscious mismanagement of the private sector where there is absolutely no obligation to carry out the so-called policies laid down by the Government, and the real policies laid down by the Parliament. Their only obligation is obligation for themselves, namely, to accumulate more money, if required without the knowledge of the shareholders, necessarily without the knowledge of income-tax authorities and absolutely without the knowledge of the Government, so that in such an unsocial and irresponsible way they could carry on. The control over this is lacking, and the Government looks for remedies in some other sector. The mills are closing down, and in some cases the managing director is among those at fault, because of such troubles. All these maladies

All these maladies are mainly due to the irresponsible control over the private industries. I am not submitting that the whole thing could be nationalized in one day, but in consonance with the declared policy of the Government, if the Government want a certain extent and quantum of control, if they really want to exercise that control, if they do believe in their policy, that amount of control could not be exercised as far as this particular Act goes at present. If they really want to exercise that control, certain amendments will have to be made to the existing Act.

Further, the Company Law Administration should be the real watchdog of the private capital which is so essential as far as our Plan is concerned, and as far as our entire national economy is concerned. Even though, because of expediency of the Government's policies, today, the Government decides on the principle of mixed economy, as long as there is the socialist pattern of society, private capital here will not be in favour of socialism, and.....

Mr. Chairman: His sentences are interminable. I wanted to stop him when he finished his sentences on a particular point but he goes on, sentence after sentence without finishing the point. I request him to stop now since he has already taken more than 40 minutes.

Shri Narayanankutty Menon: 15 minutes were taken away by interruptions.

Mr. Chairman: Interruptions are as a rule counted in the time allotted for the Member. That was the practice announced when I was speaking two days back when the hon. Deputy-Speaker was in the Chair. I would now request the hon. Member to finish. His sentences are interminable.

Shri Narayanankutty Menon: At least you might rule that the time taken by interruptions will not be counted

Mr. Chairman: I have already said that the hon. Member should close now.

Shri Narayanankutty Menon: I shall conclude by saying that this private industry which is really controlling a large sector of our economy, should be effectively controlled. It should be put in its own place in the socialistic economy of the country. Till the socialist pattern is worked out completely, there should be stricter control which is absolutely necessary. Further, the Company Law Administration should act as the watchdog of the unruly elements which are let loose on our economy, and until such time as the Government and this Parliament ends the private sector, the Company Law Administration should act as the watchdog over the private sector, so that they will not trample upon the national economy hereafter.

Shri Achar (Mangalore): Though the new Act has worked only for a

year and it is too early to pass any judgment as to the effect of this new Act, I fear that the facts disclosed in this report gives rise to certain grave doubts. The Opposition Members would like to see that private limited companies are wiped out and probably they would like to have the funeral oration to the private sector. From their point of view, they think that the control is not sufficient, but seeing the facts disclosed in this report, one feels certain grave doubts as to what has happened to the private sector, especially with regard to limited companies. Whatever my friends from the Communist side may say, at least the Government feels that there is a certain scope for the private sector.

The report clearly discloses that the number of registered companies are decreasing. Not only that. The capital invested is also decreasing. With regard to that, I might refer to Table I, because it gives all the figures. In 1954-55, the figures are number of public companies registered 211, private companies 992 and total 1203. In 1955-56, the figures are public companies 186, private companies 1262 and total 1448. Let us look at the figures subsequent to the coming into force of the new Act. The new Act came into force after almost a revolutionary change after a century. The registering of companies started sometime in 1853. It was to a certain extent modified in 1930, but more important changes were brought about in 1956. We know that a committee was appointed as early as 1952. The committee considered the whole matter for a long time and the new Act was passed in 1956. The new Act came into force on 1st April, 1956.

After this Act came into force, the figures for 1956-57 are: public companies 84, private companies 764 and total 848. So, the total number which was 1448 in 1955-56 had come down to 848 in 1956-57. As I said, though the Communists and other people who are complete advocates of the public sector and who would like to have a funeral oration for the private sector, might think that the situation is very good, still there are some of us who feel that the private sector has also got some scope in this country.

16.25 hrs.

[MR. SPEAKER *in the chair*]

I am certain about this point. Government are in favour of private sector and public sector. From that point of view, I would say these figures are thought provoking. Not only that. It may also be remembered that when we look into the capital invested after this Act came into force, we find that it is very much less. In addition to that, even in the figure are included a large number of companies sponsored by the Government itself. Even including that the capital is not very much. I am referring to page 10, "The size pattern". If you look into the table on the next page about the size-distribution of companies in 1954-55, 1955-56 and 1956-57, you will find that companies having an authorised capital of Rs. 1 crore or more during 1956-57 was 28, as against 42 in 1954-55. Even here we must remember the more important flotations with an authorised capital of Rs. 5 crores and more are the National Coal Development Corporation Private Ltd., Heavy Electricals Private Ltd., Neyveli Lignite Corporation Private Ltd., Western Shipping Corporation Private Ltd., Indian Rayon Corporation Ltd. and so on. If we exclude this capital we can realise what exactly the private sector is prepared to invest after this Act came into force. The Government, rather the report, refers to these facts in page 9. I will only read a portion of it, and not the whole. It says:

> "The small deviation in the percentage of new companies formed cannot be attributed entirely to the greater degree of disclosure and control imposed on public companies and private companies which are their subsidiaries.

[Shri Achar]

The trend is, however being studied. There was also a fall in the number of companies registered in 1956-57, as compared with those registered in 1954-55 and 1955-56, although their aggregate authorised capital exceeded the corresponding figures in 1955-56. The fall in the number of companies registered in 1956-57 is attributable to several causes. Exaggerated apprehensions about the provisions of the new Companies Act may have led to a rush of registrations during the last quarter of 1955-56, just before the enforcement of the new Companies Act. This naturally affected the number of subsequent registrations. Company promoters and others interested in corporate activities may have also wanted fully to understand the ramifications and implications of the new Company Law before forming companies under the present Act. Further, the limit set on the number of companies with which a managing agent or a director could remain associated may have also partially encouraged the recent tendency to set up new departments of existing companies rather than incorporate new companies."

Whatever it be, one thing is certain. The private sector is getting very shy. There is no doubt that less amount is being invested by them. The Government, at least this Report, seems to think that it may be due to the fact that they did not know the provisions of law or it may be due to the fact that when they knew that a new Act is coming into force they were not prepared to register the companies. With all respect, I would like to submit that industrial magnates or people who invest and promote these companies are not such people who do not understand matters. My submission is that it is not because of these facts that investments are not made in registered companies. There may be certain difficulties. I do not say that, in our present set-up of things, there should be no control over the private companies. The very basis of the Act was also that we want control over them. At the same time, we have also to consider this aspect of the question. Why are these private individuals not coming forward with capital? How is it that companies are not being registered as they were formerly? I do not feel that the reasons given in the annual report, that the business people are ignorant people, people who do not know the matter and that is why they are not coming forward, would be the proper reasons. We are, as the policy of the Government shows, in need of capital. There is no doubt about that. We want even to attract foreign capital. I remember, the other day, the Deputy Minister made a statement that foreigners, including the Americans and British, are willing to invest money in this country. For our development, we want money, not only from our own people, but from foreign countries also. Our taxation laws, our Company laws are coming in the way of getting sufficient capital. I do not say, all of a sudden, we should change or anything of that kind. My submission is only this. This requires considerable amount of thinking. I do not think that this going down of the number of companies or this withdrawing of the capital is simply due to any ignorance. Capital is shy. Our economy has both a private sector and a public sector. From that point of view, I would like the Government to consider this matter seriously.

Another aspect of this matter is further illustrated from the facts disclosed regarding winding up of several companies. I would like to draw the attention of the House to page 41. During the year, that is, the year of report, 333 companies were reported to have gone into liquidation. Of these, 223 cases were of members' voluntary liquidation, 59 of creditors' voluntary liquidation, 47 of compulsory liquida-

ion and 4 of liquidation under the upervision of the Court. In addition, 184 companies were struck off the egister by the Registrars of Companies under section 560 of the Companies Act, 1956, and 141 were reported to have been finally dissolved after the completion of the winding-up proceedings. Certainly, this is not a very happy state of affairs so far as the position of these companies is concerned. I know a Committee has been already appointed under the Chairmanship of Shri Viswanatha Sastri, an ex-Judge of a High Court and his report has also been circulated to Members. That Committee has been requested to suggest certain amendments. But, I find, in the report, the Committee restricts itself and restricts its scope to suggest amendments only with regard to minor changes. That Committee does not seem to go into the question of policy. I would appeal to the Government as well as to the Minister to consider whether the position now we are in with regard to these private companies, does not require careful consideration. I do not for a moment say that companies which are maintaining false accounts or committing fraud, or making huge profits and not allowing anything to the servants, should be encouraged. That is not my view. At the same time, we should not entirely sap the source of the private sector from our point of view of economy of both a public sector and a private sector. I would submit that this aspect should be considered. Though one year by itself may not be sufficient, I submit, there are certain indications and I appeal to the Government to consider this aspect.

An Hon. Member: What is your concrete suggestion?

Mr. Speaker: Shri P. R. Patel: Before the hon. Member begins, may I know how many other hon. Members want to speak?

Shri A. C. Guha: My name is appended to the motion.

Mr. Speaker: Unless the hon. Member stands up, how can I know?

Shri A. C. Guha: I stood up several times.

Mr. Speaker: I do not know why he did not catch the eye of the Chair

Well, Shri Guha and Shri Chaudhuri. And then, how long will the hon. Minister take?

Shri A. C. Guha: I think both of them will speak.

Shri Satish Chandra: I will speak at the end and take about 20 or 25 minutes. Twenty minutes, I think, should be enough, but the Commerce and Industries Minister wants to intervene for five or ten minutes.

Mr. Speaker: Both of them will take 30 minutes. We are rising at 5.30 Therefore by 5 O' Clock these hon. Members should finish.

Shri P. R. Patel (Mehsana): The report gives some idea about the administration of companies. It makes happy reading and at the same time unhappy reading. The happy reading is that we are having good control over public and private companies, and when there is any misappropriation or any offence committed, we look into it, prosecute them and see that in future no such thing happens.

We cannot do away with the private sector. We know it has served the country well in the days of the Britishers and thereafter. We are putting steps in the public sector, but we cannot do away with the private sector. Naturally there would be misdeeds in the private sector as well as in the public sector, and because there may be some cases here and there, we cannot condemn the private sector altogether.

Though after much labour we had the new company law, one year's experience shows that it requires some

[Shr P. R. Patel]

modifications, some changes here and there. It requires to be revised. I hope the hon. Minister in charge will look into the matter.

16.38 hrs.

[PANDIT THAKUR DAS BHARGAVA *in the Chair*]

At page 41 the report says:

> "Section 463 for the first time gives statutory control for the Central Government over the work of Official Liquidator. The exercise of these powers will ensure greater despatch in the disposal of liquidation proceeding and greater control over accounts of liquidations."

However, there were certain companies registered under the old law and there are certain difficulties. I shall read out paragraph 92:

> "As regards the administrative difficulties experienced by the Government, the most important was the one of exercising adequate control over the work of the liquidators of companies which had gone into liquidation under the 1913 Act. Clause (ii) of section 647 of the 1956 Act stipulates that, except in regard to the companies' liquidation account mentioned in sub-section (7) of section 555, the other provisions of the present Act relating to winding-up would not apply to companies which had gone into liquidation before the commencement of the 1956 Act."

And as many as 2,280 of such companies are under liquidation. The liquidators are there, but the Central Government has no control over them, nor can Government ask them to finish the matter early.

Some days back I put a question regarding one company registered in Calcutta, i.e., Jenak Limited, which is under liquidation, and the reply was that as the company under liquidation was registered under the old law, it was outside the scope of Parliament and that it was a State subject. That is nice and good, but once the Companies Act is within our purview, we must change the law so that we may look into all these things. The Jenak Co. Ltd. is in liquidation for the last eight or ten years. Some lakhs of rupees have been collected by the Liquidator, but that is not distributed, and we cannot do anything. In para 92 of the report, the Government also feel that something must be done. I hope Government will do that as early as possible.

Then, we find that some public companies are turned into private companies. That is just natural. I do not complain against it, because under the Companies Act, if the number of shareholders is less than 50, and they so choose, they may change the character of the company from public to private, because, in private companies, they have got certain concessions, so far as control etc. are concerned. After all, it becomes an individual company or the company of a family, and the powers regarding public companies cannot be exercised in the case of private companies.

However, I would like to suggest that we must enquire into the reasons why public companies have been turned into private companies and why the tendency is increasing, and we should consider whether we should have some change in the law, so that the tendency may not be on the increase.

We look rather with suspicion at the private sector. We may have the public sector, and we should invest more and more in the public sector, but looking at the private sector with suspicion makes the private sector rather shy in regard to their progress. If there be some mistakes here and there, they may be prosecuted. I do not say, no, to that, but it is not proper to give bad names always.

After all, we require industry in our country, and the private sector serves the country that way. I would, therefore, submit that the administration should not see with a suspicious eye at the private sector.

Then, there is a clause in the Companies Act under which directors are required to furnish names of their near relatives. I do not say it is bad. But I would suggest that in Government companies also, the managing director or whoever be in charge should be asked to furnish names of persons in service, if they are related to some persons in the high offices of Government. The tendency is that even foreign companies engage some near relatives of the officers, and sometimes, Ministers; and some private companies of Indians also engage such persons. The result is that they get the monopoly to go on with the concern in the way they like.

I would suggest that the public companies, private companies as well as Government companies should be asked to furnish lists of employees who may be related to some persons, in the government office and so on.

There is one thing I would like to mention. The industries must also treat labour fairly. Labour also should have their dues. I have received a complaint that one textile company in Bombay State has engaged a near relative of a union worker. Once this is done, the Company is saved from the duty of doing justice to labour. The result is that the old labourers have been removed from the service of the company and new ones engaged. I would suggest that in the next report that may be put before us this information may also be furnished.

Lastly, the Report does not contain one piece of information, and that is, contributions made by private and public companies to political parties or to elections. I would suggest that disclosure of such information would help us to know what contribution is made by limited companies to the funds of political parties.

Shri A. C. Guha: The working of the Companies Act can be reviewed only in the background of the purpose for which this Act was passed. There was a Company Law Committee which made certain suggestions. Most of those suggestions were accepted. The Committee itself said that acceptance of certain broad social objectives and some recognised standards of behaviour was the purpose of this Act. While piloting the Bill the Finance Minister also mentioned about the attainment of the ultimate end of a social policy. He also mentioned that this was a question of balancing the interests of the private sector with the social interests. So we should consider the report of the working of the Companies Act during the first year in the light of these objectives.

One objective is that there should not be concentration of wealth in a few hands. It is also the objective of the Second Plan that the disparity between the richer and the poorer sections of the people should be reduced and there should, more or less, be equal distribution of wealth, at least equal distribution of opportunities. In the Report, the first thing we find is that the number of companies has gone down during the first year, but the share capital of these companies is higher than that in the previous years—though the number is more than 35 per cent less than the previous year. Even if we exclude a few government companies, I think the trend is towards having bigger companies with bigger share capital. It has been said in the Report that 28 companies would cover about 81 per cent of the entire share capital of all the companies registered during the year. Of course, out of the 28 companies some were government companies. All these 28 companies would have about Rs. 161 crores out of Rs. 211 crores of share capital of all the companies. Excluding the government

[Shri A. C. Guha]

companies—5 or 6 of them—the other bigger companies would have a very bigger share of the total share capital of the companies registered during this year. This is a trend which would go to show that nothing has been done to check the concentration of wealth in fewer hands.

My friend, Shri Bimal Ghose, is rather happy at this trend because he has said that mushroom companies should not be encouraged. But smaller companies need not necessarily be mushroom companies. I think Shri Ghose is also connected with some of the smaller companies which cannot be called mushroom companies. The policy of the Government should be to see that poorer people, people with modset means, are allowed to play their part in the industrial development of the country at least as long as private enterprises in this field is allowed. (*Interruption.*)

During this year about 1,041 companies have gone into liquidation out of which 987 were with a share capital and the others were associations without any share capital—not for profit earning. Total share capital involved in these companies is Rs. 759 lakhs. I do not know what has happened to the shareholders of these companies. I think liquidation proceedings even under this Act are as tortuous as you can possibly imagine.

I would like the hon. Minister to say something about the fate of the shareholders of these nearly 1,000 companies who invested about Rs. 760 lakhs—to be accurate, Rs. 759 lakhs—of their hard-earned money. How much would they get back as a result of these liquidation proceedings?

In the Act, there are some provisions for investigation into the working of the companies. In the report we find that it is hardly possible to get the adequate number of well-qualified inspectors. Apart from that, their powers are limited. If the management declines to submit the reports, they can only file cases in the court which means that the management may carry on for two, three or even four years with the work of doing all sorts of mischief. Neither Government nor the Inspector has got any authority to compel the delinquent managing authorities to submit report or surrender their books or to take some interim measures to prevent them doing further mischief.

In this connection I may also mention about certain proviaions for safeguarding the interests of the minority shareholders. There also the report does not give any encouraging picture. I feel the process is somewhat rigid and formal. I know of several cases where the minority shareholders approached the Company Law Department or the Regional Registrars but could get hardly any protection or relief. That aspect should engage the attention of Government and they should try to give real protection to the minority shareholders against the mischievous activities of some people who might have a majority of shares or have covered the shares. Then, cases are sent to the Court for not holding the annual general meetings in time or for not submitting the balance sheets in time or for not preparing the annual reports in time or for other things. There also I find the Court is taking a very lenient view. Out of 573 cases, the penalty imposed comes only to Rs. 28,954 in the form of fines. It is a little over Rs. 50 per case. In the now famous Mundhra cases we have seen several cases against him. He paid the fine and came out to enjoy all his adventurous pursuits in the industrial field.

I can understand it is difficult for the Government to say anything to the Court but still it should be mentioned that the Court should take not so lenient a view of the violations of

this Act. That would practically nullify the purpose for which the Act was passed. If necessary the Government should bring forward an amendment to raise the penal provisions of the Act so that the court may have not so low a limit of punishment. The courts generally inflict the minimum punishment which is very low at present. If necessary, those provisions may be amended to raise the minimum limit of punishment so that adequate penal measures may be taken against the violators of the provisions of this Act.

Then, there is the creation of loans to directors. I find a very dangerous concession allowed by the Department in some cases Within one year from the commencement of the Act, the loans had to be approved or to be repaid. But in many cases, the loans have not been repaid and "in order to obviate the hardship fresh loans for limited periods have been allowed" That means the same loan has been made to appear as a fresh loan to these directors. I think the Department should not be a party to this attempt to by-pass the provisions of this Act. This is a bad precedent and this should not be allowed any further

The inter-company investment which was one of the main allegations against the private enterprise;—this point was very much raised when the law was discussed—has been going on even now. Several cases have been mentioned in this report. We have also reports from other sources, apart from what are mentioned here. The inter-company investments, an unhealthy phenomenon in the economic life of our country, is still going on. Along with this would come the question of the cornering of shares One case has been mentioned here in which the beneficial ownership in respect of 79,359 ordinary shares and also a number of preference shares stood in the names of individuals "belonging to an identifiable family group". In another company, about more than 80,000 shares belonged to the members of the same family. These things are going on even now. Only about two or three days ago, I received the copy of a telegram to the Minister of Commerce and Industry. Only this morning I have received the copy of a long letter sent to him. It has been stated there that practically the entire capital of this company, a very important and useful company in Calcutta, is held by members of the same group or same family and they have been playing with the funds. Now the company has come almost to a crisis. This is a very useful company. I do not like to mention the name, but I shall pass on the papers to the hon. Minister, and I hope he will take necessary action in this matter. This will show how the managing authorities have been wasting public money and have been playing with some very useful industrial units.

17 hrs.

In this connection, I should also like to say that along with this Company Law there are other matters connected with it which should have been under the Company Law Administration. This very case of the Company which I have just mentioned has also been referred to the hon. Minister so that he may take certain action under the Industries (Development and Regulation) Act. This is a fit case also for the Company Law Administration to tackle. When this Department was formed certain other things were allotted to it. Suddenly those subjects have been removed. It was not that those subjects were given to this Department without any reasonable basis. That was on the recommendation of the Company Law Committee and also according to the suggestions of the Members of this House. It has been mentioned in the Company Law Committee's report that stock exchange, capital issue and some other things should be under the control of the same department or commission whichever may be put in charge of the Company Law Administration It is mentioned in the report:

> "As we have already said, it would be impossible for the com-

[Shri A. C. Guha]

mission to function in isolation from the main currents of economic policy and administration and indeed its usefulness and efficiency would be greatly impaired if it did so."

Sir, I do not know why an arrangement which was made on the basis of this recommendation and on an assurance given on the floor of the House by the then Finance Minister was suddenly changed and some other arrangement has been made. Even if that arrangement has been made on some whimsical basis, I think it is now time for the Government to reconsider the whole thing anew and come to some rational distribution of work along with this Company Law Department. This Department cannot properly function if it has not got the control over some other allied subjects. I hope the hon. Minister will look into this matter.

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): Mr. Chairman, Sir, I shall merely take a few minutes, because the main reply has to be given by the Deputy Minister, Shri Satish Chandra. I would in the beginning say that the Company Law Administration has on whole functioned well in the changed context after the passing or after the enactment of the last Company Law. It is true they have not been very harsh in the beginning, for example, in regard to the submission of balance-sheets, profit and loss accounts or their annual report, because those companies had to function in a different context altogether after the passing of the Company Law Act, and not only the private companies but others have also failed occasionally and sometimes frequently. But, as some time has now passed, the Company Law Administration will have to function and it will function more effectively, and it will have to be more strict on the companies in so far as the submission of profit and loss accounts, balance-sheets or other reports is concerned.

As regards the question of public companies being converted into private companies, the matter is before us, and I do not want to say much on that at the present moment. But, as it has been said in the report, we are keeping a watch over it, and I can assure the House that in no case shall we tolerate any kind of subterfuge in regard to these conversions. More than that I shall not say at present, but we will certainly bear in mind what has been said here in the House in regard to this matter, and would take appropriate action at the appropriate time.

As regards inter-company investments, there also I agree that cases have come to our notice in which undue advantage has been taken by certain companies and certain concerns. I personally feel that we should have power to regulate such transactions and we have to consider this matter in connection with the amendment which we propose to make in the Companies Act.

I have now to mention only one or two matters to which reference was made by Shri Bimal Ghose. Shri Guha has also said something about the social objectives of this law and he has also mentioned about the smaller companies. In fact, I am inclined to agree with Shri Bimal Ghose that there should neither be mushroom companies nor big monopolistic concerns or huge companies. We will have to strike a middle course. Two suggestions which Shri Bimal Ghose has placed before the House deserve consideration, especially the one relating to creating consciousness, as he put it, among the shareholders, of their rights. He made reference to the elaborate procedure regarding passing of special resolutions, etc. I shall not go into the details because there is not much time, but I do agree that we should consider whether we should have some public relations officers

in order to educate the shareholders in regard to their rights. We will also have to consider what ways and means we should adopt in order to improve the quality of management.

It was said that the present Company Law Administration is not fully authorized to deal with all matters concerning the companies. There is truth in it. Certain branches are with the Economic Affairs Department of the Ministry of Finance; some others are with us. For example, cases which come under the Industries (Development and Regulation) Act are dealt with by a different section in the same Ministry of Commerce and Industry. I have been thinking over it, but I have not been able to take a final decision. However, I would like to inform the House that this is an important matter, specially the work which is being done in a different section in our Ministry. We should try to co-ordinate these things; not only co-ordinate but we should try to see whether that work could also be done or taken over by the Company Law Administration. That aspect is receiving my attention. I hope it will be possible for us to decide this matter, or take a decision on this matter, rather early.

Shri A. C. Guha: What about those items which are now with the Department of Economic Affairs of the Finance Ministry?

Shri Lal Bahadur Shastri: That will have to be taken up by the Finance Ministry. I want to confine myself to my own Ministry. At least I should see that whatever work concerns my Ministry is carried out quickly.

Shri Rimal Ghose: Will the hon. Minister take it up with the hon. Finance Minister?

Shri Lal Bahadur Shastri: I have not personally done it myself. but I was told that it was taken up before. I do not know. I shall consider that matter. I cannot say anything offhand about it.

Shri A. C. Guha: An assurance was given on the floor of this House that these sections will be under the same Company Law Department. That was on the recommendation of an expert committee.

Shri Lal Bahadur Shastri: If an assurance was given, I shall certainly look into it.

Shri Menon has raised a number of matters and Mr. Guha also has raised some points about liquidation proceedings. I would merely say that we have already prepared our draft of the company law amendments and we want at least to introduce it in this session. Those amendments are rather vital and I think the House will get an opportunity again when the amendments are considered to consider the other matters relevant to the Bill which were raised in this House today. I have nothing more to say.

Shri Satish Chandra: Mr. Chairman, many important points have been raised and I am grateful to Members who have made constructive suggestions. But I may respectfully say that the debate has been more or less like a general debate on the Company Law Amending Bill which is likely to come only after some time when Members will have an opportunity to suggest new provisions for incorporation.

Some Members have referred to the social objectives of the Plan. The Company Law Department is not presumptuous enough to claim entire responsibility for the achievement of those social objectives. It can only make a contribution towards the achievement of those objectives and its role is very much limited. Many extraneous things have been brought into the discussion. Something has been said about cost accounting procedures and about deficiencies in various laws which do not fall within

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the administrative scope of the Company Law Department. The Company Law only attempts to safeguard the interests of the shareholders. That is its primary object and it also attempts to create an atmosphere in our industries and trade so that healthy management practices may be gradually evolved in the corporate sector.

The old Act was passed in 1913. The country had since then made a tremendous progress in the field of trade and industry. It was necessary to bring that law in conformity with the present conditions. With that object in view, a Bill was brought before the House three years ago. It was considered by a joint select committee of the two Houses and considerably amended in the Committee stage as well as in the House. The present Act of 1956 is the result of the long deliberations in this House. Now I will request the hon. Members to judge the performance of the Company Law Administration in the light of the existing provision in the Companies Act. Of course, many good suggestions have been made today, but the right stage to consider them will be when the new Company Law (Amendment) Bill, over which Government have given considerable thought, is brought before the House.

Something has been said about discouragement to capital formation after the enactment of the present law. I would like to say in this connection that the number of companies, newly registered in the year immediately after the passing of the Indian Companies Act of 1956, declined suddenly as compared to the previous year. It came down from 1,448 in the previous year to 848 in the next year. The new registrations in the subsequent year, in 1957-58, have however improved over 1956-57. The number was 961 against 848. From April to October this year it was 592 in six months. So, it will be evident that the number of registrations is going up.

My esteemed friend, Shri A. C. Guha, referred to falling investments in companies. I would submit that it is not so.

Shri A. C. Guha: I have not said that. Somebody might have said that. I have said the number is falling down but the share capital has increased.

Shri Satish Chandra: I am sorry. If that is so, I have nothing more to say on this subject.

Mr. Chairman: It was said by Shri Achar.

Shri Satish Chandra: What I wanted to say in this connection is that the real measure of success of the corporate sector is the capital investment attracted to it and not so much the number of companies.

Shri Achar: Even with regard to the capital, it is less. I am only speaking of that one year. Added to that, most of the companies are Government-owned and not private-owned.

Shri Satish Chandra: In 1955-56, the year just before the Act came into force, the money invested in Government companies was Rs. 6·7 crores In non-Government companies it was Rs. 50 crores and odd, making a total of Rs. 57 crores. In the following year, that is, immediately after the Act was passed, the investment in Government companies increased from Rs. 6:7 crores to Rs. 8:2 crores. In the case of non-Government companies it increased from Rs. 50:4 crores to Rs. 83 crores. These are separate figures for Government companies and non-Government companies.

Shri Achar: It includes both?

Shri Satish Chandra: I gave the figures separately. The investment in the year following the passing of the Act, was Rs. 91·2 crores, as against

Rs. 57 crores in the preceding year. It has increased in both the cases. It has increased only by Rs. 1·5 crores in the case of Government companies and Rs. 28 crores in the case of private companies. Therefore, the fears entertained by some hon. Members are not correct.

Several other points raised by hon. Members will deserve consideration at a later stage. Shri Ram Krishan said something about the T.I.T. company. According to my present information, there is no such company registered under the Companies Act. The T.I.T. in Bhiwani is a Technological Institute of the textile industry. That is what T.I.T. means. Some complaints about it were made to the Punjab Government. No representation appears to have been received by the Company Law Department. That is the position as far as the T.I.T. is concerned.

Shri Narayanankutty Menon spoke something about Dr. Alagappa Chettiar Mills. He said that the complaints were not enquired into and money was given to some Trust.

Shri Narayanankutty Menon: I did not say that the complaint was not enquired into. The money has gone and the workers have not got their bonus.

An Hon. Member: After all, it has gone to charity.

Shri Narayanankutty Menon: Charity at the expense of the workers.

Shri Satish Chandra: He said something about a resolution having been passed giving the money in charity. The company did not pass any resolution.

An Hon. Member: Loaned?

Shri Satish Chandra: As soon as we received a complaint about this matter, we instituted a proper investigation. There is something in what my hon. friend Shri Bimal Ghose has said that we carry on a post-mortem examination rather than watch the interests of the shareholders from to day. Within the limitations of the administrative machinery at the disposal of the Company Law Department and the existing provisions of the Company law, we try to perform our functions to the best of our ability. But, if some money is passed on from a company to another institution without the knowledge of the Board of Directors or the shareholders of a company, action is possible only when the fact is brought to the notice of the Company Law Department. Action has been taken and investigations are going on to ascertain the circumstances under which this money was transferred from the mills to another society

I wish to touch very briefly on inter-company investments. It is true that there have been many inter-company investments. Some of them may be said to be of a dubious character. The shares of other companies have been cornered by the directors by utilizing the funds of a company under their control. The cornerning of shares as well as investments of the funds of one company in another company are matters which require serious consideration. The Company Law Amendment Committee has suggested some measures to plug the loop-holes and they shall be brought before this House for consideration. If hon. Members have any other suggestions to make, they can do so at the proper time.

Shri Ram Krishan: May I know when this Bill is coming?

Shri Satish Chandra: It is likely to be introduced before this session ends or early next session.

Many members have pointed out that the definition of relatives is absurd and leads to a lot of harassment. That will also be amended suitably

The liquidation proceedings of the old companies have presented some difficulty. Under the law, the liquidation proceedings started under the 1913 Act are dealt with by liquidators

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or receivers appointed by the respective High Courts, over whom the Company Law Department has no control. It is only after the passing of the 1956 Act that the Company Law Department became entitled to appoint official liquidators for looking after the liquidation of companies under the new Act. An official liquidator has been appointed at Bombay. Some part-time officers have been appointed at other places, and the number can be increased as soon as there is more work for them. In order to expedite the old cases, we have requested High Courts to transfer them to the new official liquidators, but the High Courts have been reluctant to do so, and therefore the Company Law Department has found itself helpless in expediting those cases, though we would very much have liked to do so.

There is another section under the Companies Act under which we can call upon the liquidators appointed under the old Act to submit periodical returns to us, but it is not possible to expedite the cases, and the Company Law Administration cannot be held responsible for these delays.

Cost accounting procedures of industrial undertakings is not so far the responsibility of the Company Law Administration. I am repeating this because the scope of the company law must be clearly understood.

Shri Menon spoke very strongly about the foreign oil companies, and said that they do not submit their accounts as required under the Companies Act. Some section was quoted. I may respectfully point out that these companies have to submit their returns and profit and loss accounts, but these are not exclusively for the operation of their business in India. A copy of their world balance sheet which they submit to the Registrar in the country of incorporation is also filed here with the Registrar at New Delhi. Of course, it is open to the Company Law Department to ask questions, or to get more information, but the costing of the products of a company or the agreements that may have been entered into at earlier stages are not matters which come within the purview of the Company Law Department.

In spite of such criticism, I wish to say that many constructive suggestions have been made today. We are bringing forward a very comprehensive amending Bill.

An Hon. Member: This session?

Shri Satish Chandra: This session or the next session. It may be introduced by the end of this session or early next session. Anyway, it will be before the hon. Members in the Budget Session. That will be the right time when we will be able to thoroughly examine every aspect of company management, and try to bring the law in conformity with the present needs and requirements consistent with our industrial and commercial progress and the social objectives which all of us hold dear.

There are legitimate complaints that investigations carried on in respect of certain companies have been delayed. Due to certain steps taken by company owners such as obtaining injunctions from the High Courts or the Supreme Court or filing of a writ petition, the investigations are delayed. It is for this House to find some remedy. The Department of Company Law Administration cannot be held responsible for such delays which result from the directions given by the High Courts or by the Supreme Court to which the matter may have been taken.

I would request hon. Members to consider all these matters dispassionately. Government will be glad to examine constructive suggestions which may be offered for the improvement of the Company Law Administration.

17.32 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Monday, the 1st December, 1958.

[*Saturday, 29th November, 1958*]

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594.	Industrial Estate, Agra	2120-21
STATEMENT BY MINISTER		2121—23
The Minister of Mines and Oil (Shri K. D. Malaviya) made a statement regarding the outbreak of fire at the Lunej oil well site near Cambay on the 28th November, 1958.		
PAPERS LAID ON THE TABLE		2123—25
The following papers were laid on the Table :—		
(1) A copy of the Rubber Board Employees' Con-		

COLUMNS

PAPERS LAID ON THE TABLE—*contd.*

duct Rules published in Notification No. S.O. 2083 dated the 11th October, 1958 under sub-section (3) of Section 25 of the Rubber Act, 1947.

(2) A copy of each of the following Notifications under sub-section (3) of Section 48 of the Coffee Act, 1942, making certain further amendments to the Coffee Rules, 1955 :—

(i) G.S.R. No. 846 dated the 27th September, 1958.

(ii) G.S.R. No. 1071 dated the 8th November, 1958.

(3) A copy of each of the following papers under sub-section (2) of Section 16 of the Tariff Commission Act, 1951 :—

(i) Report (1958) of the Tariff Commission on the continuance of protection to the Sericulture Industry

(ii) Government Resolution No. 36 (3)-TR/58 dated the 18th November, 1958

(iii) Report (1958) of the Tariff Commission on the continuance of protection to the Aluminium Industry

(iv) Government Resolution No. 3(5)-TR/58 dated the 20th November, 1958.

(4) A copy of each of the following Reports :—

(i) Report of the Indian Government Delegation to the 41st (Maritime) Session of the International Labour Conference held at Geneva in April-May 1958.

(ii) Report of the Indian Government Delegation to the 42nd Session of the International Labour Conference held at Geneva in June, 1958.

COLUMNS

PAPERS LAID ON THE TABLE—*contd.*

(5) A copy of the draft Notification proposed to be issued under Section 12 of the Standards of Weights and Measures Act, 1956, in pursuance of an assurance given on the 8th December, 1956 during the debate on the Standards of Weights and Measures Bill.

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE 2185—29

Shrimati Mafida Ahmed called the attention of the Prime Minister to the progress so far made in implementation of the agreement arrived at recently in New Delhi between the Prime Ministers of India and Pakistan regarding border adjustments.

The Deputy Minister of External Affairs (Shrimati Lakshmi Menon) made a statement in regard thereto.

MOTION *RE*: INVESTMENT POLICY OF LIFE INSURANCE CORPORATION 2131—94

Further discussion on the motion *re* : Investment Policy of Life Insurance Corporation continued. The Minister of Finance (Shri Morarji Desai) replied to the Debate, and the discussion was concluded.

DISCUSSION *RE*: REPORT ON THE WORKING AND ADMINISTRATION OF COMPANIES ACT . 2194—2254

Shri Ram Krishan raised a discussion on the Annual Report on the working and administration of the Companies Act, 1956. The Deputy Minister of Commerce and Industry (Shri Satish Chandra) replied to the Debate, and the discussion was concluded.

AGENDA FOR MONDAY, 1ST DECEMBER, 1958—

Further consideration of the Parliament (Prevention of Disqualification) Bill as reported by the Joint Committee and passing of the Bill.

PLS. 40. XXII. 3. 48.

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